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A	AFP IMAGING CORP	10Q	03-31-92
B	BGS SYSTEMS INC	10Q	04-30-92
C	BRENCO INC	10Q	03-31-92
D	EARTH TECHNOLOGY CORP (USA)	10Q	02-28-92
E	ELECTRONIC TECHNOLOGY GROUP INC	10Q	04-30-92
F	FOUR CORNERS FINANCIAL CORP	10Q	03-31-92
G	INTERACTIVE TECHNOLOGIES CORP	10Q	02-29-92
H	MCFARLAND ENERGY INC	10Q	03-31-92
I	MENLEY & JAMES INC	10Q	03-31-92
J	MOORCO INTERNATIONAL INC	10Q	02-29-92
K	NGT ENTERPRISES INC	10Q	03-31-92
L	NORTH AMERICAN ENVIRONMENTAL GROUP INC	10Q	03-31-92
M	NTN CANADA INC	10Q	02-29-92
N	POPE EVANS AND ROBBINS INC	10Q	02-29-92
O	PRECIOUS METAL MINES INC	10Q	04-30-92
P	RURBAN FINANCIAL CORP	10Q	03-31-92
Q	SIERRA PACIFIC POWER CO	10Q	03-31-92
R	SILVERADO MINES LTD	10Q	02-29-92
S	TGX CORP	10Q	03-31-92
T	THEODORE GAMES INC	10Q	03-31-92
U	UNION LIGHT HEAT AND POWER CO	10Q	03-31-92
V	UNIQUEST INC	10Q	02-29-92
W	WISCONSIN NATURAL GAS CO	10Q	03-31-92

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Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarterly Ended March 31,1992

Commission File Number 0-10832

AFP Imaging Corporation
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

13-2956272
(IRS Employer ID No.)

250 Clearbrook Road, Elmsford, New York
(Address of principal executive offices)

10523
(Zip Code)

Registrant's telephone number, including area code: (914) 592-6100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

The registrant had 4,755,113 shares of Common Stock outstanding as of April 30, 1992.

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PART I. Financial Information

The consolidated financial statements included herein have been prepared by AFP Imaging Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. While certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, the Company believes that the disclosures made herein are adequate to make the information presented not misleading. It is recommended that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 1991.

In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of AFP Imaging Corporation as of March 31, 1992 and June 30, 1991, and the results of its operations for the three and nine month periods ended March 31, 1992 and 1991, and its cash flows for the nine month periods then ended, have been included.

Item 1: FINANCIAL STATEMENTS

AFP Imaging Corporation and Subsidiaries
Consolidated Balance Sheets --March 31, 1992 and June 30, 1991

Assets	March 31, 1992	June 30, 1991
Current Assets:		
Cash and cash equivalents	$277,118	$430,991
Accounts receivable, less allowance for doubtful accounts of $ 296,000 and $303,000 respectively	6,711,780	6,181,638
Inventories	11,778,043	13,725,152
Prepaid expenses and other	623,626	707,541
Total current assets	19,390,567	21,045,322
Property and Equipment, (at cost)	11,230,653	11,300,223
Less accumulated depreciation	(5,514,935)	(5,144,438)
	5,715,718	6,155,785
Intangible Assets, net of accumulated amortization	1,902,464	2,313,640
Other Assets	295,631	169,389
	$27,304,380	$29,684,136

Liabilities and Stockholders' Equity	March 31, 1992	June 30, 1991
Current Liabilities:		
Current portion of long-term debt (Note 3)	$6,395,959	$8,071,081
Accounts payable	2,160,868	2,564,013
Accrued expenses	3,018,685	2,474,662
Total current liabilities	11,575,512	13,109,756
Deferred Income Taxes	184,391	184,391
Long Term Debt	2,915,320	3,737,043
Convertible Subordinated Debentures (Note 3)	4,803,000	4,803,000
Stockholders' Equity		
Convertible Preferred Stock, Series A, 1,750,000 authorized, 498,136 shares issued and outstanding at March 31, 1992 and at June 30, 1991.	1,295,159	1,295,159
Common Stock Warrants	25,314	25,314
Common Stock, $.01 par value, 15,000,000 shares authorized, 4,755,113 shares issued and outstanding at March 31, 1992 and at June 30, 1991	47,551	47,551
Paid-in capital in excess of par	4,423,743	4,423,743
Retained earnings	1,879,372	1,968,505
Foreign currency translation adjustment	155,018	89,674
	7,826,157	7,849,946
	$27,304,380	$ 29,684,136

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

AFP Imaging Corporation and Subsidiaries
Consolidated Statements of Income

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Net Sales	$10,155,266	$9,441,497	$28,475,409	$27,871,520
Cost of Sales	7,057,014	6,776,567	19,938,109	20,309,020
Gross Profit	3,098,252	2,664,930	8,537,300	7,562,500
Selling, General and Administrative Expenses	1,121,642	2,114,389	6,121,753	6,672,130
Research and Development	451,061	314,701	1,221,833	1,110,814
Interest, net	318,828	495,649	1,162,555	1,528,653
	2,891,531	2,924,739	8,506,141	9,311,597
Income (Loss) before provision for taxes	206,721	(259,809)	31,159	(1,749,097)
Provision (benefit) for Income Taxes	(a) 43,826	(87,767)	(a) 120,292	(624,970)
Net Income (Loss) (Note 5)	$162,895	($172,042)	($89,133)	($1,124,127)
NET INCOME (LOSS) PER COMMON SHARE	$0.03	($0.04)	($0.02)	($0.24)
WEIGHTED AVERAGE NUMBER OF SHARES AND SHARE EQUIVALENTS OUTSTANDING	5,253,000	4,755,000	4,755,000	4,755,000
DIVIDENDS PER SHARE	None	None	None	None

(a) The tax provision relates primarily to income taxes on the earnings of the Company's German subsidiary. See Note 5 for further discussion.

The accompanying notes to consolidated financial statements are an integral part of these statements.

AFP IMAGING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED MARCH 31, 1992 and 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)	($89,133)	($1,124,127)
Adjustments to reconcile net (loss) to net cash used by operating activities -		
- Depreciation and amortization	894,743	1,112,965
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(530,142)	2,598,224
(Increase) decrease in inventories	1,947,109	398,808
(Increase) decrease in other assets and other	95,109	35,440
Increase (decrease) in accounts payable	(403,145)	(1,689,418)
Increase (decrease) in accrued expenses	544,023	(1,111,321)
Total adjustments	2,547,697	1,344,218
Net cash provided by operating activities	2,458,654	220,091
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(115,592)	(184,317)
Net cash used by investing activities	(115,592)	(184,317)
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowing of debt	-	349,773
Repayments of debt	2,496,845	(392,146)
Net cash (used by) provided by financing activities	2,496,845	(42,373)
Net decrease in cash and cash equivalents	(153,873)	(6,599)
CASH AND CASH EQUIVALENTS, at beginning of period	430,991	410,817
CASH AND CASH EQUIVALENTS, at end of period	$277,118	$404,218

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

AFP Imaging Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the Nine Months Ended March 31, 1992 and 1991

	Convertible Preferred Stock	Common Stock Warrants	Common Stock	Paid-in Capital In Excess of Par	Retained Earnings	Translation Adjustment	Total
Balance June 30, 1990	$1,295,159	$25,314	$47,551	$4,423,743	$3,155,471	$99,037	$9,046,275
Foreign currency adjustment for nine months ended March 31, 1991	---	---	---	---	---	150,417	150,417
Net (Loss) for nine months ended March 31, 1991	—	—	---	---	(1,124,127)	---	(1,124,127)
Balance March 31, 1991	$1,295,159	$25,314	$47,551	$4,423,743	$2,031,344	$249,454	$8,072,565
Balance June 30, 1991	$1,295,159	$25,314	$47,551	$4,423,743	$1,968,505	$89,674	$7,849,946
Foreign currency adjustment for nine months ended March 31, 1992	---	---	---	---	---	65,344	65,344
Net (Loss) for nine months ended March 31, 1991	---	---	---	---	(89,133)	---	(89,133)
Balance March 31, 1992	$1,295,159	$25,314	$47,551	$4,423,743	$1,879,372	$155,018	$7,826,157

The accompanying notes to financial statements are an integral part of these statements.

AFP Imaging Corporation and Subsidiaries
Notes to Consolidated Financial Statements
March 31, 1992 and 1991

(1) General:

The accounting policies followed during the interim periods reported on are in conformity with generally accepted accounting principles and are consistent with those applied for annual periods, as described in the Company's financial statements, as of June 30, 1991, and for the year then ended, included in the Company's Annual Report on Form 10-K for the year ended June 30, 1991.

(2) Net Income Per Common Share:

Net income per common share has been computed using the adjusted weighted average number of shares and share equivalents outstanding during the periods. The weighted number of shares outstanding does not include common stock equivalents when there is a loss as their inclusion would be antidilutive.

(3) Long and Short Term Debt:

The Company's asset based secured line of credit provides up to $14.5 million in borrowings based upon certain formulas and limitations. This facility expires in September 1992. In addition, the Company has an over-advance facility of $1.5 million available through September 1992. The interest rates range from 1.5% to 2.25% over the prime rate. As interest expense is computed daily on all outstanding amounts, the Company no longer maintains any significant cash balances. Generally Accepted Accounting Principles require that the revolver and over advance facilities be classified as a current liability. The Company restructured the terms of its Subordinated Debentures whereby interest payments of $288,000 which had been accrued and expensed but not paid were paid. In addition, the interest rate on the Subordinated Debentures was reduced from 12% to 9% effective February 1, 1992. The Company signed the necessary amendment related to its bank term loans and revolvers for this restructuring. As a result of these restructurings, the Company cured its defaults under its debt arrangements and has reclassified the term loans and Subordinated Debentures to long-term liabilities as of June 30, 1991.

(4) Inventory:

The Company uses the gross margin method related to labor and overhead costs during interim periods for inventory valuation.

(5) Income Taxes:

The Company's German subsidiary has generated net income during the nine month period ended March 31, 1992, while the Company's domestic operations have generated net losses for the same period. The income tax provision presented represents foreign income taxes related to the Company's German subsidiary. No tax benefit has been provided for the current domestic losses since the Company has no availability to carry these losses back to prior years and generate income tax refunds. The losses will result in net operating loss carry forwards which will be utilized to offset future earnings for income tax purposes.

Item 2: Management's Discussion and Analysis of 1991 Financial Condition and Results of Operation

Comparison of Nine Months Fiscal 1992 Versus Nine Months Fiscal 1991:

The increase in net sales of $ 603,889 or 2% in the first nine months of fiscal 1992 as compared to fiscal 1991 is largely due to the introduction of the new medical x-ray product line and an increase in the dental x-ray product line.

Gross profit as a percent of sales increased 2.8 percentage points, due to the extensive operational cutbacks and cost reductions enacted during fiscal 1991. Raw material costs stayed relatively constant between the two periods. Selling, general and administrative costs decreased $ 550,377 or 8 % due to the steps taken by management to reduce all non-essential costs during fiscal 1992. Reductions were made in personnel, advertising and travel costs at all locations to be consistent with the sales levels for 1992. Research and development costs increased $ 111,019 or 10 % mainly due to new, ongoing development projects for graphic arts image setters. Interest expense net, decreased $ 366,098 or 24% due to a 3 1/2 point drop in the prime rate and approximately $ 215,000 less in borrowings under the revolver loan in the first nine months of fiscal 1992 versus fiscal 1991.

Third Quarter Fiscal 1992 versus Third Quarter Fiscal 1991:

The increase in net sales of $ 713,769 or 8 % is primarily due to the introduction of the new medical x-ray product line, mentioned above and increased demand for the new graphic arts processors.

Gross profit as a percent of sales increased 2.3 percentage points due to the extensive cutbacks and reductions enacted in fiscal 1992, as mentioned above. Selling, general, and administrative costs increased a minimal amount, as most of the cutbacks in FY' 91 were made in the first two quarters, and the Company has maintained these lower cost levels. Research and development costs increased $ 136,360 or 43 % due to new, ongoing development projects for graphic arts image setters. Interest expense decreased $ 176,821 or 36 % due to approximately $ 3,137,000 less in borrowings in the revolver loan and a 3 point drop in the prime rate in the current quarter period.

Capital Resources and Liquidity:

The Company's working capital at March 31, 1992, as compared to June 30, 1991, decreased approximately $120,500. The Company's earnings before depreciation and amortization for the nine months ended March 31, 1992 were $ 805,610. These favorable factors, together with a sizable reduction and utilization in inventory, enabled the Company to repay $ 2,496,845 of primarily senior debt. The Company's sales have stabilized at current levels and accounts receivable collections have been excellent. The revolver loan is secured by available and eligible inventory and accounts receivable. The revolver loan was renegotiated in September 1990 for an additional two years at the existing interest rates, with an increase in its borrowing ability by $1,500,000.

The Company has restructured the terms and conditions of its Subordinated Debentures thereby eliminating the default status of its bank credit facilities. The Company is currently in accord with all its bank agreements. The interest rate on the Subordinated Debentures was decreased effective February 1, 1992, and any prior accrued interest is still due and payable. As a result, the Subordinated Debentures and bank term loans have been reclassified as long term liabilities in accordance with Generally Accepted Assumption Principles (GAAP).

The Company is dependent upon its existing bank credit facilities to finance its ongoing operations. The Company is presently negotiating to obtain financing facilities similar to those which presently exist which will extend beyond September 1992.

The Company is presently unaware of any demands, commitments or contingencies which are reasonably likely to result in a material increase or decrease in its liquidity within the foreseeable future.

The Company expects its need for working capital will continue to be financed by operations and a short term rescheduling of its payment obligations as discussed above. The Company anticipates financing future capital equipment requirements principally from internally generated funds.

Part II Other Information

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto authorized.

AFP Imaging Corporation

Date: May 15, 1992

David Vozick
Chairman of the Board
Secretary, Treasurer
(Principal Financial Officer)

Date: May 15, 1992

Donald Rabinovitch

Donald Rabinovitch
President and Director
(Principal Executive Officer)

Date: May 15, 1992

Elise Nissen

Elise Nissen
Vice President Finance

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Quarterly Report under Section 13 and 15 (d)
of the Securities Exchange Act of 1934

For the Quarter Ended
April 30, 1992

Commission File No.
0-12192

B92-2260

BGS Systems, Inc.

Massachusetts
(State of Incorporation)

04-2559993
(I.R.S Employer
(Identification No.)

128 Technology Center Waltham, Massachusetts 02254
(Address of principal executive offices)

Registrant's telephone number, including area code: (617) 891-0000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the Issuer's classes of Common Stock, as of the latest practicable date.

Title of each class

Common stock, $.10 par value

6.30

Shares outstanding @ April 30, 1992..................................3,214,849

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BGS SYSTEMS, INC.

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Item 1. Financial Statements

BGS SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	April 30, 1992	January 31, 1992
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,664,967	$ 6,435,304
Marketable securities, at cost (market value: $13,763,870 at April 30, 1992; $10,157,104 at January 31, 1992)	13,507,205	9,624,160
Accounts receivable, less allowances of $411,584 ($412,160 at January 31, 1992) for doubtful accounts	7,109,818	7,912,310
Costs and estimated earnings in excess of billings on uncompleted contracts	481,000	881,000
Federal and state income taxes receivable		217,025
Prepaid expenses and other assets	826,397	697,425
Total Current Assets	26,589,387	25,767,224
Deferred Income Tax	104,663	117,357
Property and Equipment:		
Furniture and fixtures	1,420,731	1,411,666
Computer equipment	4,386,473	4,260,927
	5,807,204	5,672,593
Less accumulated depreciation	4,401,877	4,281,920
	1,405,327	1,390,673
	$28,099,377	$27,275,254
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 795,557	$ 1,095,428
Accrued expenses	183,136	546,178
Accrued compensation and employee benefits	562,567	757,574
Deferred revenue	9,360,316	9,598,117
Income taxes payable	697,435	0
Dividends payable	467,067	465,057
Total Current Liabilities	12,066,078	12,462,354
Stockholders' Equity		
Common Stock, $.10 par value - authorized 10,000,000 shares; issued and outstanding 3,214,849 shares at April 30, 1992 and at January 31, 1992	321,486	321,486
Capital in excess of par value	13,332,265	13,342,345
Retained earnings	3,222,188	2,090,286
Equity adjustment from foreign currency translation	(155,928)	(163,461)
	16,720,011	15,590,656
Less cost of 101,071 shares (114,471 shares at January 31, 1992) of Common Stock in treasury	686,712	777,756
	16,033,299	14,812,900
	$28,099,377	$27,275,254

BGS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended April 30,	
	1992	1991
REVENUES:		
License fees	$ 2,606,940	$ 1,986,389
Maintenance fees	3,585,485	3,397,061
Other	811,503	198,734
	7,003,928	5,582,184
COSTS AND EXPENSES:		
Sales & Marketing	2,008,131	1,487,536
General & Administrative	716,510	621,514
Product Development & Maintenance	2,179,618	1,746,073
	4,904,259	3,855,123
Operating income	2,099,669	1,727,061
Investment income: Interest income, net	226,070	302,739
Other income	177,354	(40,388)
	403,424	262,351
INCOME BEFORE TAXES	2,503,093	1,989,412
Income taxes	904,125	691,396
NET INCOME	$ 1,598,968	$ 1,298,016
Net income per share	$ .49	$ .41
Weighted average number of shares outstanding	3,231,929	3,185,852

Net income per share: The computations of income per share are based on the weighted average number of shares of Common Stock outstanding during the periods, including the dilutive effect of stock options.

BGS SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	April 30, 1992	April 30, 1991
Cash Flow from Operating Activities:		
From operations:		
Net Income	$1,598,968	$1,298,016
Expenses not requiring outlay of working capital in the current period:		
Depreciation	121,476	105,967
Increase (decrease) in cash from certain working capital items:		
Accounts receivable	(462,984)	1,070,107
Other current assets	380,297	24,189
Accounts payable and accrued expenses	(455,287)	(340,732)
Deferred revenue	(217,204)	(461,183)
Federal and state income taxes	1,688,776	(13,778)
Net Cash Flow Provided by Operating Activities	2,654,042	1,682,586
Cash Flow from Investing Activities:		
Purchase of property and equipment	(138,281)	(60,915)
(Increase) decrease in marketable securities	(3,883,045)	(85,739)
Net Cash Flow Provided (Used) by Investing Activities	(4,021,326)	(146,654)
Cash Flow from Financing Activities:		
Proceeds from sale of stock	(10,080)	65,216
Purchase of treasury stock	91,044	
Dividends paid	(465,057)	(457,325)
Net Cash Flow Provided (Used) by Financing Activities	(384,093)	(392,109)
Effect of exchange rate changes on cash	(18,960)	(334,133)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS	(1,770,337)	809,690
Cash and cash equivalents at beginning of year	6,435,304	5,022,324
Cash and cash equivalents at end of period	$4,664,967	$5,832,014

BGS SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS

I. Accounting Comments

With respect to the unaudited statements for the interim periods included in this report, management of the Company believes that all adjustments necessary to fair presentation of the results for such interim periods have been included.

Reference is made to the registrant's Form 10-K Annual Report, filed with the Securities and Exchange Commission on April 30, 1992, which incorporates the financial statements and notes thereto, including a summary of significant accounting policies, for the fiscal years ended January 31, 1992 and January 31, 1991.

The results for the interim periods are not necessarily indicative of the results for the entire year.

Part 1-Item 2

BGS SYSTEMS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Material Changes in Results of Operations

Operating revenues for the first three months of fiscal year 1993 increased 25% over the first three months of fiscal 1992 to $7,004,000. Revenue from license fees for the three month period increased 31% to $2,607,000 from the first three months of fiscal year 1992's $1,986,000. The domestic market continued to show strong demand for the Company's new Datacenter products, which were introduced in the fourth quarter of last year. The Company's international operations showed some improvement in the quarter amid signs that the Datacenter products were beginning to have an impact on international markets.

Maintenance fees for the first three months of fiscal year 1993 increased $188,000, or 6% to $3,585,000 from $3,397,000 a year earlier. Growth in maintenance fees should taper off as more companies trade up to the Datacenter products. Maintenance on the Datacenter products is renewed on the anniversary of the upgrade purchase, thereby postponing the date at which the Company recognizes the maintenance revenue. The Company is allowing customers credit for their existing maintenance contracts thereby reducing maintenance revenue and increasing software revenue. Maintenance fee revenue growth should return to higher levels during the next fiscal year when the Datacenter products begin to be renewed.

Other revenue increased to $812,000 for the first quarter of fiscal year 1993. The increase was due to a combination of higher consulting revenue and third party development contracts. Other revenue should continue to compare favorably with last year through the second quarter. Commencing with the third quarter of last year the Company began to recognize revenue on the third party development contracts mentioned above. The Company expects other revenue to approximate fiscal year 1992's in the third and fourth quarters of the current year.

Aggregate costs and expenses for the first quarter increased 27% over the comparable period last year. Sales and marketing expenses increased 35% as a result of the increased level of revenue and costs associated with the Company's French branch, which was established in the third quarter of last year. General and administrative expenses were $95,000 or 15% over the first quarter of last fiscal year. Normal inflation and additional administrative expenses relating to the French branch were the principal reasons for this increase. Product development and maintenance expenses increased 25% over last year's first quarter. The Company expects continued growth in this area to fund the development of new product offerings and the continuation of work on third party development contracts.

Investment income was $403,000 for the first three months of fiscal year 1993, compared to $262,000 for the comparable period a year earlier. Reduced interest rates on investments resulted in a shortfall versus last year in interest income. Other income increased to $177,000 as a result of profits on equity investments sold during the quarter.

Net income increased 23% from $1,298,000 to $1,599,000 earned for the first three months of fiscal year 1993. Earnings per share were $.49 for the first three months of fiscal year 1993 and $.41 for the first quarter of last year.

The effective tax rate for the first three months of fiscal year 1993 was 36% versus 35% for the first three months of fiscal year 1992. The effective rate increased in 1992 primarily because the Company's German subsidiary incurred a tax loss that is not currently deductible.

Material Changes in Financial Condition/Liquidity

Working capital increased $1,218,000 to $14,523,000 at April 30, 1992 versus $13,305,000 at January 31, 1992 primarily as a result of current year earnings. The Company's current ratio improved from 2.07 at January 31, 1992 to 2.20 at April 30, 1992.

The decrease in accounts receivable from year end is partially due to the lower sales levels in the first quarter of the year versus the normal increased sales activity during the fourth quarter, and a continuation of an aggressive collections program.

The Company's cash resources are considered sufficient to finance the Company's growth in the foreseeable future.

BGS SYSTEMS, INC.

Part II. OTHER INFORMATION

ITEM 3. Exhibits and Reports on Form 8-K

(a) Exhibits. The exhibits filed as part of this form 10-Q are listed on the Exhibit index immediately preceding such exhibits and are incorporated herein by reference.

(b) Form 8-K. The Registrant did not file any reports on Form 8-K during the quarter for which this report is filed.

BGS SYSTEMS, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BGS Systems, Inc.
128 Technology Center
Waltham, Massachusetts 02254

Date: 6/10/92

Dr. Harold S. Schwenk
President and Director
(Principal Executive Officer)

Date: 6/10/92

Normand Bilodeau
Chief Financial Officer
(Principal Financial Officer)

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0-6839 BRENCO INC

10-Q 92/05/14 92907879

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

¢X! QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

OR

¢ ! TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission file number 0-6839

BRENCO, INCORPORATED
(Exact name of registrant as specified in its charter)

Virginia
(State of incorporation)

#54-0493835
(IRS Employer Identification No.)

P. O. Box 389, Petersburg, VA
(Address of principal executive offices)

23804
(Zip Code)

(804) 732-0202
(Telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required
13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (o
period that the registrant was required to file such reports), and (2) has been subj
requirements for the past 90 days.

YESX. NO .

Common stock, par value $1.00 per share: 9,834,744 shares outstanding as of March 31, 1992

D STATES
MMISSION

, D.C. 20549

M 10-Q

N 13 OR 15(d)
EXCHANGE ACT OF 1934

iod Ended March 31, 1992

OR

ON 13 OR 15(d)
EXCHANGE ACT OF 1934

iod From to

le number 0-6839

NCORPORATED
as specified in its charter)

#54-0493835
Employer Identification No.)

23804
(Zip Code)

732-0202
ne number)

has filed all reports required to be filed by Section
uring the preceding 12 months (or for such shorter
reports), and (2) has been subject to such filing

. NO .

0 per share: 9,834,744 shares
of March 31, 1992

BRENCO, INCORPORATED AND SUBSIDIARIES

FORM 10-Q March 31, 1992

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BRENCO, INCORPORATED AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

(Unaudited)

Ended

Ma

1992

(Amounts in thousands except per sh

NET SALES	$20,676	$21,227
Cost and expenses:		
Cost of goods sold	17,315	16,385
Administrative and selling expenses	2,623	2,327
	19,938	18,712
Operating income	738	2,515
Other income (expense)	22	59
Income before income taxes	760	2,574
Income taxes	289	978
NET INCOME	$ 471	$ 1,596
	=======	=======
Net income per share	$ .05	$ .16
Dividends declared per share	$ .05	$ .05
Average number of shares outstanding	9,823	9,686

See accompanying notes to Consolidated Financial Statements.

TED AND SUBSIDIARIES

NSOLIDATED INCOME

udited)

Three Months

March 31,

	1992	1991
mounts in thousands except per share figures)		
.. .	$20,676	$21,227
...	17,315	16,385
. .	2,623	2,327
	19,938	18,712
. . .	738	2,515
. . .	22	59
. . .	760	2,574
. ..	289	978
. ..	$ 471	$ 1,596
. ..	$ .05	$ .16
. ..	$ .05	$ .05
. . ..	9,823	9,686

tements.

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BRENCO, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

March

1992 1991

amounts in thousands)

Assets		
Current Assets:		
Cash and cash equivalents	$ 2,655	$ 1,38
Accounts receivable	11,703	9,28
Inventories:		
Finished goods	4,160	4,97
Work in process	9,915	10,31
Raw material	1,174	1,78
	15,249	17,07
Less: Lifo reserve	1,602	1,24
	13,647	15,82
Prepaid expenses	1,662	1,33
Total Current Assets	29,667	27,82
Property and Equipment:		
Cost	89,378	89,21
Less: Accumulated depreciation	65,132	65,26
Total Property and Equipment	24,246	23,95
Total assets	$ 53,913	$ 51,78
	========	=======
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 3,707	$ 2,41
Dividends payable	491	49
Other accrued liabilities	955	67
Income taxes payable	274	1
Total current liabilities	5,427	3,58
Deferred income taxes	550	55
Reserve for Environmental Expenditures	2,975	2,90
Shareholders' Equity:		
Preferred stock, par value $1 per share, Authorized 1,000,000 shares; none issued		
Common stock, par value $1 per share, Authorized 15,000,000 shares; issued 9,834,744 shares (1991-9,799,752 shares)	9,835	9,800
Additional Paid In Capital	301	100
Retained earnings	34,825	34,845
Total Shareholders' Equity	44,961	44,745
Total Liabilities and Equity	$ 53,913	$ 51,783
	========	=======

See accompanying notes to Consolidated Financial Statements.

URATED AND SUBSIDIARIES

TED BALANCE SHEET

	(Unaudited) March 31	December 31	(Dollar
	------------	-----------	
. . .	$ 2,655	$ 1,387	
. ..	11,703	9,282	
. . .	4,160	4,979	
. . .	9,915	10,317	
. . .	1,174	1,780	
	15,249	17,076	
. . .	1,602	1,248	
	13,647	15,828	
. . .	1,662	1,332	
. . . .	29,667	27,829	
. . .	89,378	89,215	
. . .	65,132	65,261	
. . .	24,246	23,954	
. . .	$ 53,913	$ 51,783	
	========	========	
. . .	$ 3,707	$ 2,412	
. . .	491	490	
. . .	955	671	
. . .	274	15	
. . . .	5,427	3,588	
. . .	550	550	
. . .	2,975	2,900	
. . . .	9,835	9,800	
. . .	301	100	
. . .	34,825	34,845	
. . . .	44,961	44,745	
. . .	$ 53,913	$ 51,783	
	========	========	

tements.

BRENCO, INCORPORATED AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS

T
1
(Unaudit
(Dollar

Cash Flows from Operations:		
Net Income	$ 471	$ 1,596
Adjustments to Reconcile Net Income to Net Cash from Operations:		
Depreciation	718	888
Deferred income taxes		
Environmental expenditures	75	75
Pension expense		59
Other	27	(7)
Changes in the following:		
Current assets	(599)	(3,609)
Current liabilities	1,837	1,517
Net cash provided by operations	2,529	519
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(1,045)	(823)
Proceeds from sale of property and equipment	38	9
Net cash (used in) investing activities	(1,007)	(814)
Cash Flows from Financing Activities:		
Cash dividends paid	(490)	(484)
Employee stock purchases	236	127
Net cash (used in) financing activities	(254)	(357)
Net increase (decrease) in cash and cash equivalents	1,268	(652)
Cash and cash equivalents at beginning of year	1,387	2,172
Cash and cash equivalents at end of quarter	$ 2,655	$ 1,520

See accompanying notes to Consolidated Financial Statements.

ORATED AND SUBSIDIARIES

ONSOLIDATED CASH FLOWS

	Three Months Ended March 31 1992	 1991
	(Unaudited) (Dollar amounts in thousands)	
. . .	$ 471	$ 1,596
. . . .	718	888
. . . .		
. . .	75	75
. . .		59
. . .	27	(7)
. . . .	(599)	(3,609)
. . . .	1,837	1,517
. . .	2,529	519
. . .	(1,045)	(823)
. . . . . .	38	9
. . .	(1,007)	(814)
. . .	(490)	(484)
. . .	236	127
. . .	(254)	(357)
. . .	1,268	(652)
. . .	1,387	2,172
. ..	$ 2,655 ========	$ 1,520 ========

tements.

BRENCO, INCORPORATED AND SUBSIDIARIES

FORM 10-Q March 31, 1992

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of March 31, 1992, the statement of consolidated i
of consolidated cash flows for the quarter ending March 31, 1992 and March 31, 1991
the Company, without audit. In the opinion of management, all adjustments (which in
recurring adjustments) necessary to present fairly the financial position, results o
cash flows at March 31, 1992 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statemen
with generally accepted accounting principles have been condensed or omitted. It is
consolidated financial statements be read in conjunction with the financial statemen
included in the Company's December 31, 1991 annual report to shareholders. The resu
the period ended March 31, 1992 are not necessarily indicative of the operating resu

ORATED AND SUBSIDIARIES

Q March 31, 1992

ATED FINANCIAL STATEMENTS

the statement of consolidated income, and the statement
rch 31, 1992 and March 31, 1991 have been prepared by
ement, all adjustments (which include only normal
he financial position, results of operations and changes in
sented have been made.

y included in financial statements prepared in accordance
een condensed or omitted. It is suggested that these
tion with the financial statements and notes thereto
eport to shareholders. The results of operations for
indicative of the operating results for the full year.

BRENCO, INCORPORATED AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of O

REVIEW OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS:

Net sales were $20,676,000 for the first three months of 1992, compared to $21
period last year. Sales of industrial forgings were up 51%, while sales of railroad
down 25%. Quality Bearing Service, our reconditioning subsidiary, had an increase i
of gaining additional market share. Export sales were down 31% in the first quarter
record first quarter of 1991 of $5,256,000.

Net income was $471,000 or $.05 per share for the quarter, compared to $1,596,0
the comparable period in 1991. The decline in net income was attributable to a signi
mix and to a substantial reduction in inventories. The lower sales of railroad beari
1992 were offset to a large extent by increased sales in both industrial forgings an
services, which produce substantially lower margins. The reduction in inventories,
manufacturing operations, was deemed prudent in view of the continuing low level of
the U.S.

LIQUIDITY AND CAPITAL COMMITMENTS:

The 1992 Capital Program is budgeted to be $8,500,000. However, it is unlikel
included in the program will be completed in 1992.

Cash and cash equivalents were up $1,268,000 since year-end, while working cap
$24,240,000.

Management believes that its current earnings, along with cash and cash equiva
to cover both capital and dividend requirements and scheduled environmental cleanup
of Directors has given the management its approval to borrow up to $10,000,000 in se
These monies will be used to fund the environmental remediation plan, a waste water
Petersburg facility, as well as equipment to support a major increase in our industr

ORATED AND SUBSIDIARIES

ancial Condition and Results of Operations.

NS AND FINANCIAL CONDITION

months of 1992, compared to $21,227,000 for the same
up 51%, while sales of railroad products and services were
ng subsidiary, had an increase in sales of 58%, the result
re down 31% in the first quarter of 1992, compared to the

the quarter, compared to $1,596,000 or $.16 per share for
ncome was attributable to a significant change in product
The lower sales of railroad bearings in the first quarter of
s in both industrial forgings and bearing reconditioning
The reduction in inventories, which further depressed
of the continuing low level of railcar construction in

500,000. However, it is unlikely that all the projects

ince year-end, while working capital was unchanged at

along with cash and cash equivalents will not be sufficient
scheduled environmental cleanup expenditures. The Board
o borrow up to $10,000,000 in senior unsecured notes.
remediation plan, a waste water treatment facility for our
a major increase in our industrial forging business.

Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - none
(b) Reports on Form 8-K - none

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the
caused this report to be signed on its behalf by the undersigned thereunt

BRENCO, INCORPORATED
(Registrant)

DATED: May 14, 1992 BY: J. CRAIG RICE
J. Craig

DATED: May 14, 1992 BY: JACOB M. FEICHTNE
Jacob M.
Executive Vice P
Secretary and Tr

S

nge Act of 1934, the registrant has duly
undersigned thereunto duly authorized.

INCORPORATED
Registrant)

J. CRAIG RICE
J. Craig Rice President

JACOB M. FEICHTNER
Jacob M. Feichtner
Executive Vice President
Secretary and Treasurer

[redacted]
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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended February 28, 1992

or

( ) Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from____________________

to____________________

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Commission File
Number 33-16098

THE EARTH TECHNOLOGY CORPORATION (USA)

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	33-0244112 (I.R.S. Employer Identification No.)
100 West Broadway, Suite 5000 Long Beach, California (Address of principal executive offices)	90802-5785 (Zip Code)

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Q-Data Corp. - St. Petersburg, FL

Registrant's tel. number, including area code: (310) 495-4449

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Number of shares of common stock, $.10 par value, issued and outstanding as of April 10, 1992 is 2,970,060.

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THE EARTH TECHNOLOGY CORPORATION (USA)
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

ASSETS

	February 28 1992 Unaudited	August 30, 1991
CURRENT ASSETS		
Cash and cash equivalents	$ 1,431,210	$ 1,264,310
Contract receivables (Note 2), less allowance for doubtful accounts of $463,446 in February 1992 and $666,684 in August 1991	13,179,907	17,743,018
Notes and other receivables	235,067	173,253
Prepaid expenses	1,428,406	369,077
Income taxes receivable	1,336,313	1,024,106
Deferred income taxes	793,446	793,446
Total current assets	18,404,349	21,367,210
EQUIPMENT AND IMPROVEMENTS		
Field and laboratory equipment	2,108,102	2,292,394
Office furniture and equipment	5,248,217	5,064,519
Transportation equipment	678,527	893,686
Equipment under capital leases	1,902,790	2,113,111
Leasehold improvements	767,894	890,466
Total	10,705,530	11,254,176
Less accumulated depreciation and amortization	6,995,919	7,267,220
Equipment and improvements, net	3,709,611	3,986,956
Costs in excess of assets acquired	748,226	755,286
Investments	805,774	805,774
Other assets	384,188	381,977
Total assets	$ 24,052,148	$27,297,203

See Notes to Consolidated Financial Statements.

THE EARTH TECHNOLOGY CORPORATION (USA)
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	February 28, 1992 Unaudited	August 30, 1991
CURRENT LIABILITIES		
Note payable to bank	$ 1,500,000	$ 2,500,000
Accounts payable	3,118,898	4,914,676
Billings in excess of revenues	541,766	865,053
Accrued payroll and related liabilities	2,070,666	2,468,816
Other accrued liabilities	2,403,402	1,092,358
Current portion of long-term debt	736,310	964,463
Total current liabilities	10,371,042	12,805,366
Long-term debt	1,910,254	2,273,668
Other long-term liabilities	2,607,316	2,541,084
STOCKHOLDERS' EQUITY		
Preferred stock - $.10 par value, 5,000,000 shares authorized; none issued		
Common stock - $.10 par value; 20,000,000 shares authorized; 3,041,372 shares issued and 2,970,060 shares outstanding at February 28, 1992 (2,955,873 at August 30, 1991)	304,137	304,137
Additional paid-in capital	8,878,616	8,863,901
Retained earnings	238,096	813,724
Less Treasury stock 71,312 shares February 28, 1992 (85,449 at August 30, 1991), at cost	(257,313)	(304,677)
Total stockholders' equity	9,163,536	9,677,085
Total liabilities & equity	$24,052,148	$27,297,203

See Notes to Consolidated Financial Statements.

THE EARTH TECHNOLOGY CORPORATION (USA)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended	
	February 28, 1992	March 1, 1991
Gross revenues	$11,748,162	$13,930,910
Less direct project costs	3,959,802	4,629,982
Net revenue	7,788,360	9,300,928
Other costs and expenses:		
Direct labor and related costs	3,064,952	3,347,646
Indirect costs	4,247,224	4,533,729
Selling, general, and administrative expenses	959,874	1,041,117
Restructuring charges	417,000	---
Total operating expenses	8,689,050	8,922,492
Operating income (loss)	(900,690)	378,436
Other income (expense)	5,056	(93,578)
Interest expense	(84,661)	(176,272)
Income (loss) before income taxes	(980,295)	108,586
Provision (credit) for income taxes	(341,952)	56,634
Net income (loss)	$ (638,343)	$ 51,952
Net income (loss) per share	$(0.22)	$0.02
Weighted average shares outstanding (Note 1)	2,970,313	2,951,718

See Notes to Consolidated Financial Statements.

THE EARTH TECHNOLOGY CORPORATION (USA)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended	
	February 28, 1992	March 1, 1991
Gross revenues	$25,655,977	$27,544,332
Less direct project costs	8,828,359	8,901,183
Net revenue	16,827,618	18,643,149
Other costs and expenses:		
Direct labor and related costs	6,655,055	6,545,083
Indirect costs	8,799,960	9,497,148
Selling, general, and administrative expenses	1,632,115	2,416,377
Restructuring charges	417,000	---
Total operating expenses	17,504,130	18,458,608
Operating income (loss)	(676,512)	184,541
Other income (expense)	7,109	(53,146)
Interest expense	(202,755)	(288,349)
Loss before income taxes	(872,158)	(156,954)
Credit for income taxes	(296,534)	(26,782)
Net loss	$ (575,624)	$ (130,172)
Net loss per share	$(0.19)	$(0.04)
Weighted average shares outstanding (Note 1)	2,963,869	2,959,451

See Notes to Consolidated Financial Statements.

THE EARTH TECHNOLOGY CORPORATION (USA)
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended	
Cash flows from operating activities:	February 28, 1992	March 1, 1991
Net loss	$ (575,624)	$ (130,172)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	649,167	884,788
Equity in losses of unconsolidated subsidiaries	---	76,665
Issuance of common stock under restricted stock and stock option plans	41,415	7,292
Changes in assets and liabilities net of acquisitions:		
Contract receivables	4,813,502	(1,252,848)
Provision for losses on contract receivables	(250,391)	58,361
Notes and other receivables	(61,814)	(135,819)
Prepaid expenses	(1,059,329)	(571,167)
Income taxes receivable	(312,207)	---
Accounts payable	(1,795,778)	1,803,832
Billings in excess of revenue	(323,287)	32,865
Accrued payroll and related liabilities	(398,150)	(362,844)
Other accrued liabilities	1,311,044	638,154
Income taxes payable	---	(463,016)
Other long-term liabilities	66,227	(128,806)
Cash provided by operating activities	2,104,775	457,285
Cash flows from investing activities:		
Disposal of equipment and improvements	148,228	8,513
Additions to equipment and improvements	(520,049)	(666,356)
Decrease in other assets	54,849	82,498
Payment for acquisition, net of cash acquired	---	(87,203)
Cash used by investing activities	(316,972)	(662,548)

(Continued)

Cash flows from financing activities:

Net increase (reduction) of note payable to bank	(1,000,000)	2,000,000
Additions to long-term debt	112,000	122,147
Reduction of long-term debt	(703,567)	(945,435)
Repurchase of common stock	(29,336)	(67,412)
Forfeiture of stock options	---	(5,180)
Cash (used) provided by financing activities	(1,620,903)	1,104,120
Net increase in cash and cash equivalents	$ 166,900	$ 898,857
Cash and cash equivalents at beginning of period	1,264,310	1,781,201
Cash and cash equivalents at end of period	$ 1,431,210	$ 2,680,058
Interest paid during period	$ 168,340	$ 313,907
Income taxes paid during period	$ 29,814	$ 436,234

Supplemental schedule of noncash investing and financing activities:

In the six month period ended February 28, 1992, the Company purchased certain assets and certain on-going business of Environmental Methods, Inc. In conjunction with this acquisition, the Company issued $50,000 in common stock for the assignment of certain current and future accounts.

See Notes to Consolidated Financial Statements

THE EARTH TECHNOLOGY CORPORATION (USA)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) and disclosures which are, in the opinion of management, necessary for a fair presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes that are contained in the Company's Annual Report for the fiscal year ended August 30, 1991. The results of operations for the three-month and six month periods ended February 28, 1992 are not necessarily indicative of the results of the full fiscal year.

Earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding.

NOTE 2 - CONTRACT RECEIVABLES

Contract receivables consist of the following:

	February 28, 1992	August 30, 1991
U.S. Government:		
Amounts billed	$ 4,822,981	$ 5,816,058
Unbilled contract costs and fees	1,922,235	2,880,473
Retentions, due upon completion of contracts	636,689	369,539
Total U.S. Government	7,381,905	9,066,070
Commercial:		
Amounts billed	3,882,229	6,157,594
Unbilled contract costs and fees	2,092,543	3,037,716
Retentions, due upon completion of contracts	286,676	148,322
	6,261,448	9,343,632
Less allowance for doubtful accounts	463,446	666,684
Net Commercial	5,798,002	8,676,948
	$ 13,179,907	$17,743,018

The unbilled contract costs and fees which were not billable at February 28, 1992, under specific conditions of the applicable contracts, are expected to be billed within one year.

Amounts not paid by customers pursuant to retention provisions in contracts will be due upon completion of the contracts and acceptance by the customer.

NOTE 3 - CREDIT AGREEMENT

In February 1992, the Company revised its bank credit agreement. The agreement provides the Company with a maximum borrowing of $6,300,000, subject to certain quarterly covenants. The agreement is secured by substantially all of the Company's assets.

The Revolving Credit Agreement borrowings are based on eligible accounts receivable to a maximum of $4,000,000. The line is an interim agreement expiring on May 1, 1992 when the Company expects to sign a one year agreement based on the same terms. The agreement requires the Company to maintain certain covenants measured on a quarterly basis. At the quarter ended February 28, 1992 the Company was not in compliance with one of the covenants and the Bank waived the technical non-compliance for the period. The Company expects to be able to operate within the covenants in the future. The Company has an outstanding balance of $1,500,000 under the Revolving Credit Agreement at February 28, 1992 versus $2,500,000 at August 30, 1991.

The Term Loan Agreement is a $2,000,000 five year loan with a balance outstanding at February 28, 1992 of $1,300,000 versus $1,500,000 at August 30, 1991. The Company also has a five year equipment financing facility for a maximum amount of $1,000,000. There was $502,000 outstanding under this facility at February 28, 1992 compared to $440,000 outstanding at August 30, 1991.

NOTE 4 - CONTINGENCIES

There are certain legal actions pending against Alternative Ways, Inc., a wholly-owned subsidiary of the Company, which have arisen in the normal course of operations, some of which claim substantial monetary damages. In one action, the subsidiary has been named as a co-defendant in a suit which alleges in excess of $20 million in compensatory damages and up to $100 million in punitive damages for breach of contract and other contractual allegations in the performance of asbestos abatement services. The Company has denied liability in each case and authorized a vigorous defense; however, the outcome of the cases cannot be determined at this time.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company had cash balances of $1,431,000 at February 28, 1992 compared to $1,264,000 at August 30, 1991. Cash flow from operations totalled $2,105,000 for the first six months of fiscal 1992. Capital expenditures for the first six months of fiscal 1992 totalled $520,000 and are expected to total approximately $1,200,000 for the fiscal year, principally for field equipment and computers.

Historically, major sources of working capital have been funds generated internally, borrowings under a Revolving Agreement Credit and Term Loan, and utilization of capital and operating leases. The current maximum bank borrowing allowable is $6,300,000, subject to certain quarterly covenants.

The Revolving Credit Agreement borrowings are based on eligible accounts receivables to a maximum of $4,000,000. The line is an interim agreement expiring on May 1, 1992 when the Company expects to sign a one year agreement based on the same terms. The agreement requires the Company to maintain certain covenants measured on a quarterly basis. At the quarter ended February 28, 1992 the Company was not in compliance with one of the covenants and the Bank waived the technical non-compliance for the period. The Company expects to be able to operate within the covenants in the future. The Company has an outstanding balance of $1,500,000 at February 28, 1992 versus $2,500,000 at August 30, 1991.

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Management believes the amounts available under the Company's Revolving Credit Agreement, Term Loan and equipment financing facility, together with the funds generated by operations will be sufficient to meet the Company's anticipated working capital requirements.

Results of Operations

Second Quarter Comparison for the Fiscal Years 1992 and 1991

Gross revenues for the second quarter were down 15.7% to $11,748,000 in 1992 versus $13,931,000 in 1991. The decrease was primarily attributable to a wind down of the asbestos consulting segment and a decline in commercial revenues of 20.0% in fiscal year 1992 from fiscal year 1991 due to recessionary softness in the commercial and residential business sectors. These declines were offset by slight increases in other business sectors. Net revenue declined 16% for the same period.

Direct labor and related costs rose from 36% in 1991 to 39% in 1991 due to an increase in lower margin government projects as a percent of the total business, the discontinuation of the higher margin asbestos business and general margin pressure due to the weak economy.

Indirect costs were down 6.3% compared to the year earlier quarter while Selling, General and Administrative expenses declined by 7.8% from the prior year primarily as a result of the wind down of the asbestos consulting activities. The Company planned to restructure its operations by disposing of its analytical laboratory. A one-time charge of $417,000 was provided for the restructuring in the quarter.

The Company reported a net loss of $638,000 for the quarter versus net earnings of $52,000 for the 1991 second quarter. This was caused primarily by the operating losses and a restructuring charge connected with the planned disposal of the analytical laboratory, the reduced volume of the commercial division and the narrowing of margins caused by project mix and pressures of the weak and stagnant economy.

On March 13, 1992 the Company completed the sale of its analytical laboratory to an established national laboratory services provider for cash and notes. The agreement provides for certain adjustments in the event the Company does not procure certain minimum quantities of laboratory services over the next two years subject to the purchaser meeting defined performance standards. The Company has provided for estimated adjustments in connection the minimum quantity requirements.

Part II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

On March 27, 1992 the Board of Directors appointed Richard Dadamo Chief Executive Officer of the Company. Jack Schoustra the Company's former Chief Executive Officer, remains as Chairman of the Board.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - None
(b) Reports on Form 8-K - None

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Earth Technology Corporation (USA)
(Registrant)

Date: April 10, 1992

By: ______________________________
Patricia E. Montgomery
Corporate Secretary

Date: April 10, 1992

By: ______________________________
Creighton K. Early
Chief Financial Officer
(Principal Financial
and Accounting Officer)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The Earth Technology Corporation (USA)
(Registrant)

Date: April 10, 1992

By:
Patricia E. Montgomery
Corporate Secretary

Date: April 10, 1992

By:
Creighton K. Early
Chief Financial Officer
(Principal Financial
and Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Form 10-Q

RLY REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended April 30, 1992

1-10468

(Commission File Number)

ELECTRONIC TECHNOLOGY GROUP, INC.
(Exact name of registrant as specified in its charter)

315 North Main Street, Suite 200, Jamestown, New York 14701
(Address of registrant's principal executive office)

716-488-9699

(Registrant's telephone number)

Delaware (State of Incorporation)	16-1297591 (IRS Employer Identification Number)

The registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

The number of shares of common stock outstanding as of June 10, 1992 was 6,472,621.

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ELECTRONIC TECHNOLOGY GROUP, INC.

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I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ELECTRONIC TECHNOLOGY GROUP, INC.
CONSOLIDATED BALANCE SHEET

	April 30, 1992 (Unaudited)	July 31, 1991
ASSETS		
Current:		
Cash and cash equivalents	$ 245,261	$ 55,340
Accounts receivables, net	2,661,013	2,220,236
Inventories:		
Raw materials	1,720,298	1,676,378
Work in process	833,030	673,268
Total Inventories	2,553,328	2,349,646
Refundable income taxes	166,247	623,213
Due from officer/shareholder	55,777	51,012
Prepaid expenses	263,159	211,486
Total current assets	5,944,785	5,510,933
Property, plant and equipment at cost	5,642,171	5,284,601
Less accumulated depreciation	(1,048,133)	(620,140)
Net property, plant and equipment	4,594,038	4,664,461
Goodwill	2,217,472	2,305,366
Intangible assets	521,628	594,795
Other assets	358,866	393,951
Notes receivables	100,000	100,000
Total assets	$ 13,736,789	$ 13,569,506
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current:		
Notes payable	$ 1,015,763	$ 1,202,000
Accounts payable	1,960,099	2,687,166
Accrued expenses	658,718	578,003
Accrued income taxes	27,020	-0-
Customer deposits	8,550	-0-
Current portion of long-term debt	1,029,740	1,475,467
Total current liabilities	4,699,890	5,942,636
Long term debt	3,936,843	4,549,460
Deferred income taxes	52,898	36,898
Shareholders' Equity:		
Common Stock	29,527	12,952
Paid-in-capital	7,152,412	4,007,958
Retained earnings (deficit)	(2,134,781)	(980,398)
Total shareholders' equity	5,047,158	3,040,512
Total liabilities and shareholders' equity	$ 13,736,789	$ 13,569,506

See accompanying notes.

ELECTRONIC TECHNOLOGY GROUP, INC.
CONDENSED STATEMENT OF CONSOLIDATED OPERATIONS

(Unaudited)

	Quarter Ended		Nine Months Ended	
	April 30, 1992	April 30, 1991	April 30, 1992	April 30, 1991
Net Sales	$ 4,152,187	$ 4,038,993	$12,059,195	$12,323,066
Cost of Sales	3,194,092	3,487,982	10,387,938	9,902,730
Gross Profit	958,095	551,011	1,671,257	2,420,336
Selling, General and Administrative	804,654	716,838	2,270,614	2,251,551
Income (Loss) from Operations	153,441	(165,827)	(599,357)	168,785
Other Income (Expense):				
Interest Expense	(182,062)	(213,015)	(594,876)	(564,951)
Interest Income	1,059	235	10,213	19,564
Miscellaneous	541	(15,691)	2,995	(18,097)
	(180,462)	(228,471)	(581,668)	(563,484)
Net Income (Loss) Before Taxes	(27,021)	(394,298)	(1,181,025)	(394,699)
Provision (Benefit) for Income Taxes	(--)	(48,861)	1,225	5,139
Net Income (Loss)	$ (27,021)	$ (345,437)	$ (1,182,250)	$ (399,838)
Net Income (Loss) per Common Share	$ (.00)	$ (.16)	$ (.23)	$ (.19)
Weighted Average Number of Common Shares Outstanding	6,411,667	2,110,277	5,125,012	2,110,277

The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the information contained herein reflects all adjustments necessary to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature.

See accompanying notes.

ELECTRONIC TECHNOLOGY GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	4/30/92	4/30/91
Cash flows from operating activities:		
Cash received from customers	$ 11,621,413	$ 11,584,295
Cash paid to suppliers and employees	(12,433,574)	(11,323,399)
Interest paid	(594,876)	(564,951)
Interest income	10,213	19,564
Income taxes paid	-0-	(383,486)
Net cash provided by (used in) operating activities	(1,396,824)	(667,977)
Cash flows from investing activities:		
Payment for purchase of subsidiary	-0-	(1,124,195)
Capital expenditures	(357,570)	(1,405,722)
Payment of stock offering costs	-0-	(77,859)
Net cash used in investing activities	(357,570)	(2,607,776)
Cash flows from financing activities:		
Net proceeds from stock offering	3,188,896	-0-
Net borrowings (payments) per line of credit	(186,237)	330,000
Proceeds from loans from officers/shareholders	-0-	49,714
Proceeds from long-term debt	-0-	1,711,786
Principal payments on loans from related parties	-0-	15,000
Principal payments on long term debt	(1,058,344)	(441,858)
Deposits	-0-	23,333
Net cash provided by financing activities	1,944,315	1,687,975
Net increase (decrease) in cash	189,921	(1,587,778)
Cash and cash equivalents at beginning of period	55,340	1,598,419
Cash and cash equivalents at end of period	$ 245,261	$ 10,641
Reconciliation of net income to cash flows from operating activities:		
Net income (loss)	$(1,182,250)	$(399,838)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	589,054	402,457
Loss on sale of assets	-0-	27,530
Deferred income taxes	16,000	24,000
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(440,777)	(738,861)
Decrease (increase) in inventories	(203,682)	(311,779)
Decrease (increase) in prepaid expense and other	435,613	(367,749)
Increase (decrease) in accounts payable	(727,067)	844,768
Increase (decrease) in accrued liabilities	80,715	(108,615)
Increase (decrease) in accrued income taxes	27,020	(93,815)
Increase (decrease) in customer deposits	8,550	53,925
Total adjustments	(214,574)	268,139
Net cash provided by (used in) operating activities	$(1,396,824)	$(667,977)

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In August, 1990, ACT II Printed Circuits, Inc., located in Tempe, Arizona, was acquired by the Company.

2. On October 17, 1991, the Company consummated a secondary public offering of its equity securities, consisting of 3,000,000 units. Each unit was comprised of one share of Common Stock and one Common Stock purchase warrant. The issuance of the capital stock has been reflected in the computation of earnings per share as presented in the Statement of Operations, as well as the receipt of cash proceeds from the underwriter, net of the underwriter's commission reflected in the Statement of Cash Flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Net sales of $4,152,187 for the quarter ended April 30, 1992 were an increase of 3% over the sales of $4,038,993 for the comparable period in 1991. Sales for the first nine months of the fiscal year, ending April 30, 1992, were $12,059,195, a decrease of approximately 2% over the comparable nine month period in the prior year. Management believes that the overall decrease has been caused by the general downturn in the economy, which adversely affected the market for the Company's products and services during the prior fiscal year and into the immediately preceding reporting quarters of the current year. The sales reflected for the current quarter represent the largest sales volume in the Company's history. Sales have increased at the Liberty Engineering, Inc. (LEI) facility by 90% for the quarter and 85% for the nine month period, when compared with the comparable periods in the prior fiscal year. While sales have not changed during the current reporting periods at Act II Printed Circuits, Inc. (Act II), sales at EJE Research Corp. (EJE) reflected a 7% increase for the quarter compared to the same reporting period last year. EJE has experienced a significant increase of sales orders from both new and existing customers which will result in an increase of revenues during the fourth quarter and into the next fiscal year. Concurrently with the upswing at EJE, a major customer has rescheduled current orders at Act II which may negatively impact sales during the fourth quarter. Consequently, management believes that the revenues for the current fiscal year will approximate sales for the preceding year, followed by sales increases during the first quarter of the next fiscal year.

Cost of production, as a percentage of sales was 77% for the fiscal quarter ended April 30, 1992, as compared with 86% for the comparable period in the prior year, and approximately 86% and 80% for the nine month fiscal periods ended April 30, 1992 and 1991 respectively. The favorable decrease during the current quarter is primarily the result of both the ongoing improvements in the production efficiencies at Act II and the fuller absorption of the fixed overhead costs in the increasing revenue base at EJE. An 8% improvement in efficiency, as a percentage of sales was experienced between the second and third quarter of the current fiscal year, and management anticipates that current cost efficiencies, as a percentage of sales, will continue through the remainder of the fiscal year.

Selling, general and administrative expenses, as a percentage of sales, were approximately 19% for the fiscal quarter ended April 30, 1992, as compared with approximately 18% for the comparable quarter ended April 30, 1991, and approximately 19% for the nine months ended April 30, 1992 contrasted with 18% for the comparable period ended April 30, 1991. The fiscal year 1992 increases are attributable, in part, to an increase in commissionable sales, as well as increased amortization of goodwill during the current reporting periods. Management believes that many excess overhead expenses have been eliminated and each subsidiary location's SG&A contribution is highly efficient. As sales increase, during the remainder of the fiscal year, the fixed overhead expenses will be further absorbed and these expenses, as a percentage of sales, should decrease.

Interest expense during the quarter ended April 30, 1992 was $182,062, approximately 4% of sales, as compared to $213,015, or 5% of sales, for the quarter ending April 30, 1991. For the nine months ended April 30, 1992, the interest expense was $594,876, or 5% of sales, compared with $564,951, or 5% of sales for the nine months ended April 30, 1991. Although interest expense continues to decrease at the EJE and LEI facilities, due to the decline in the principal and variable interest rates, the fixed rate cost of financing the Act II acquisition and expansion will continue to keep interest expense at an approximate 5% of sales for the remainder of the fiscal year. Should Management be successful in securing a new Corporate financing package, a significant savings could be realized.

Interest income, reflected during the current and comparable reporting periods, is a result of temporary short-term investments in bank certificates of deposit and commercial paper. The funds for these investments, during the current fiscal year, were substantially derived from the proceeds of the Company's secondary public offering, and during the periods in the prior fiscal year, from the Company's initial public offering. As the proceeds have now been utilized, interest income during the remainder of the current fiscal year will be insignificant.

The net loss for the second quarter ended April 30, 1992 was $27,021, or $ .00 per share, contrasted with a loss of $345,437, or $.16 per share, for the quarter ended April 30, 1991. For the nine months ended April 30, 1992, the net loss was $1,182,250, or $.23 per share, compared with a loss of $399,838, or $.19 per share, for the prior year nine month period. The number of outstanding shares of common stock, utilized in the computation of earnings per share, increased during the fiscal 1992 reporting periods, as a consequence of the issuance of additional shares in the Company's secondary public offering.

Management believes that the results of the current reporting period are reflective of the appropriate actions taken to improve the production efficiencies at each of the production facilities, as well as some improvement in business conditions in the northeastern United States, where a significant number of the Company's customers are located. During the current operating quarter, the Company has experienced its first profit from operations in four quarters.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (CONTINUED)

Vital in the Company's apparent turnaround has been the realization of the success of many of the changes made and the installation of the new manufacturing system at the Act II facility. Along with management changes at Act II, the enhanced efficiencies of the production personnel has resulted in an overall improvement in Quality Control and has enabled Act II to deliver product to its customers in a timely manner and has resulted in lower production costs. While sales continue to be slow at Act II, as a result of rescheduling of existing orders by a major customer, the quoting activity has dramatically increased as a result of the efforts of new sales representatives that are experienced in sales of printed circuit boards.

LIQUIDITY AND CAPITAL RESOURCES

Operating results at the Act II facility continue to impact the cash flow of the Company. However, the procedures established, particularly in the areas of education and training of the production personnel, have begun to have a measurable effect in improvement of the quality of the manufactured product as well as a decrease in the costs of production. Management believes that these improvements resulted in not only an operating profit, but in the significant increase in the gross margin to 22 % as compared to 10% during the previous reporting quarter.

One direct cause of the cash flow pressures at Act II was the expenses related to the fire during the previous quarter. Although the facility is now back in production, the resultant shutdown and the additional expenses of the loss of productivity continue to effect current cash flow. The Company has completed insurance claims for both the fire loss and business interruption, and expects to file both those claims by the middle of June. Should the claims be approved, the receipt of insurance proceeds shall not only help to relieve cash flow pressures, but favorably impact the statement of operations during the period in which the proceeds are received.

As debt related to acquisition of both Act II and LEI matures in August 1992, the Company is continuing to seek a lender to provide a corporate financing package. Management is working with two separate financing sources to accomplish this effort. Although there can be no assurance that the Company will be successful, Management remains confident that it can offer an attractive opportunity to one of the prospective lenders. In addition to the payment of maturing debt, the company will realize, due to more favorable interest rates, an improvement in financing cost for the remaining debt.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Company held its Annual Meeting of Shareholders on December 19, 1991. The sole order of business was the routine election of directors.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - None

(b) Reports of Form 8-K - None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ELECTRONIC TECHNOLOGY GROUP, INC.

Date: June 10, 1992 By: ____________________

Curt B. Westrom
Chief Financial Officer,
Secretary and Treasurer

Signing on behalf of the Registrant and as principal financial officer.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

_ _ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1992

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________

Commission File Number______________________________

FOUR CORNERS FINANCIAL CORPORATION (as of April 12, 1988)
(Exact Name of Registrant as Specified in its Charter)

Delaware	22-2044086
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 West Main Street, Suite 200, Rochester New York 14614
(Address of principal executive offices - Zip Code)

(716) 454-7145
(Registrant's Telephone Number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ____

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APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

At May 13, 1992 there were 13,320,168 of the registrant's $.01 par value common stock outstanding.

FOUR CORNERS FINANCIAL CORPORATION

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FOUR CORNERS FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEET

March 31, 1992 and December 31, 1991

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS:		
Cash	$ 65,872	150,302
Cash - Escrow deposits (Note 6)	82,083	44,533
Accounts receivable - trade, net of allowance for doubtful accounts of $30,000 in 1991 and 1992 (Note 8)	881,201	785,504
Prepaid rent (Note 10)	16,346	26,168
Accounts Receivable - other	35,228	13,115
Other current assets	25,800	9,171
Total current assets	$ 1,106,530	1,028,993
TITLE PLANT (Note 3)	$ 254,951	245,213
PROPERTY AND EQUIPMENT, net of accumulated depreciation (Notes 3, 7 and 8)	$	310,006
316,705		
OTHER ASSETS:		
Deposit	$ 12,495	12,495
Intangible assets, net of accumulated amortization (Note 3)	63,101	62,400
Deferred stock offering costs	- 0 -	18,964
	$ 75,596	93,859
	$ 1,747,083	1,684,770

The accompanying notes to financial statements are an integral part of this statement.

FOUR CORNERS FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEET

March 31, 1992 and December 31, 1991

LIABILITIES AND STOCKHOLDERS' DEFICIT

		March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES:			
Line-of-credit (Note 8)	$	- 0 -	438,000
Current portion of notes payable (Note 7)		135,648	40,762
Current portion of obligations under capital leases (Note 7)		50,745	60,315
Accounts Payable		351,783	312,732
Accounts Payable -related parties (Note 10)		103,425	96,055
Escrow deposits		82,083	44,533
Other accrued expenses		77,276	59,103
Accrued income taxes		504	17,414
Total current liabilities	$	801,464	1,068,914
LONG-TERM LIABILITIES:			
Notes payable, net of current portion (Note 7)	$	421,724	27,552
Obligations under capital leases, net of current portions (Note 7)		43,782	49,341
Due to officers/principal stockholders (Note 10)		194,000	194,000
Total long-term liabilities	$	659,506	270,893
Total liabilities	$	1,460,970	1,339,807
COMMITMENTS			
STOCKHOLDERS' INVESTMENT (Note 9):			
Common stock, $.01 par value, 30,000,000 shares authorized, 13,320,168 and 13,320,168 shares issued and outstanding in 1991 and 1992, respectively	$	133,202	133,202
Additional paid-in-capital		829,137	829,137
Accumulated deficit		(676,226)	(617,376)
Total stockholder's investment	$	286,113	344,963
	$	1,747,083	1,684,770

The accompanying notes to financial statements
are an integral part of this statement.

FOUR CORNERS FINANCIAL CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

		1992 (Unaudited)	1991 (Unaudited)
REVENUE (Note 3 and 10):			
Title insurance premiums	$	350,689	301,301
Abstract, survey and appraisal fees		1,073,010	575,214
	$	1,423,699	876,515
DIRECT COSTS OF REVENUE:			
Title insurance	$	(55,551)	(47,004)
Abstract, survey and appraisal		(222,509)	(83,884)
	$	(278,060)	(130,888)
Gross Profit	$	1,145,639	745,627
OPERATING EXPENSES	$	(1,194,420)	(872,838)
Loss from operations	$	(48,781)	(127,211)
OTHER INCOME (EXPENSE):			
Interest expense, net	$	(17,524)	(21,468)
Miscellaneous income		7,455	5,581
	$	(10,069)	(15,887)
Net loss before provision for income taxes	$	(58,850)	(143,098)
PROVISION FOR INCOME TAXES		- 0 -	- 0 -
NET LOSS	$	(58,850)	(143,098)
NET LOSS PER SHARE	$	(.004)	(.010)

The accompanying notes to financial statements
are an integral part of this statement.

FOUR CORNERS FINANCIAL CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

	Common Stock		Additional Paid-in-Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
BALANCE, December 31, 1990	13,208,496	$ 132,085	$ 792,817	$ (905,682)	$ 19,220
Net income for the three months ended March 31,1991 (Unaudited)	--	--	--	(143,098)	(143,098)
BALANCE, MARCH 31, 1991	13,208,496	132,085	792,817	(1,048,780)	(123,878)
BALANCE, December 31, 1991	13,320,168	$ 133,202	$ 829,137	$ (617,376)	$ 344,963
Net loss for the three months ended March 31, 1992 (Unaudited)	--	--	--	(58,850)	(58,850)
BALANCE, March 31, 1992	13,320,168	$ 133,202	$ 829,137	$ (676,226)	$ 286,113

The accompanying notes to financial statements are an integral part of this statement.

FOUR CORNERS FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

		1992 (Unaudited)	1991 (Unaudited)
CASH FLOW OPERATING ACTIVITIES:			
Net income (loss) from operations	$	(58,850)	(143,098)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	$	25,851	20,608
(Increase)/decrease in accounts receivable, net of accounts payable		(71,189)	188,396
(Increase)/decrease in other current assets and deposits, net of accrued expenses		(35,544)	5,997
Net cash flow from operating activities	$	(139,732)	71,903
CASH FLOW FROM INVESTING ACTIVITIES:			
Investment in fixed assets, net of disposals	$	(19,853)	(12,530)
Increase in title plant	$	(9,738)	(9,902)
Net cash flow from investing activities	$	(29,591)	(22,432)
CASH FLOW FROM FINANCING ACTIVITIES:			
Increase/(decrease) in notes payable and obligations under capital lease, net	$	473,929	(23,229)
Repayment on line-of-credit, net		(408,000)	(25,000)
Deferred stock offering costs		18,964	0
Net cash flow from financing activities	$	84,893	(48,229)
NET INCREASE IN CASH	$	(84,430)	1,242
CASH - beginning of period	$	150,302	81,007
CASH - end of period	$	65,872	82,249

The accompanying notes to financial statements are an integral part of this statement.

FOUR CORNERS FINANCIAL CORPORATION AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992 AND 1991

(Unaudited)

(1) General

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate in order that the information presented is not misleading. All adjustments for a fair presentation of financial information contained herein have been made.

(2) Organization

The Company -

Four Corners Financial Corporation (FCFC) and its Subsidiary, Four Corners Abstract Corporation (FCAC) provide services and products including real estate title searching, and the preparation of abstracts of title, issuance of title insurance as an agent for certain national underwriting companies and real estate appraisals, primarily in western and central New York State. All of these services and products are required in connection with the mortgaging, sale or purchase of real property.

Unless otherwise indicated, the term "Company" refers to Four Corners Financial Corp. and its Subsidiary. The Company operates in one business segment.

(3) Summary of Significant Accounting Policies

Principles of Consolidation -

The consolidated financial statements include the accounts of FCFC and FCAC. All significant intercompany transactions and balances have been eliminated.

Cash and Equivalents -

Cash and equivalents include time deposits, certificates of deposit and other instruments with a maturity of three months or less.

(3) Summary of Significant Accounting Policies (Continued)

Property and Equipment -

Property and equipment is stated at cost and is depreciated using accelerated and straight-line methods over the following useful lives:

Buildings	15 - 30 years
Furniture and equipment	5 - 10 years
Leasehold improvements	Life of lease
Vehicles	5 years

At the time of retirement or other disposition of property, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the statements of operations. Repairs and maintenance costs are charged to expense when incurred.

Intangible Assets -

Intangible assets consist of goodwill and covenants not-to-compete resulting from the 1987 acquisition of the Albany branch, the 1989 acquisition of Livingston Abstract Corporation, the 1990 acquisition of Picciano Abstract Company, Inc. and the 1991 acquisition of Proper Appraisal Specialists, Inc. (Note 4). The goodwill and covenants not-to-compete are being amortized on a straight-line basis over a five-year period.

Title Plant -

Title plant consists of copies of public records, maps and other relevant historical documents which facilitate the preparation of title abstract reports without the necessity of manually searching official public records.

The Company has incurred identifiable costs related to the activities necessary to construct a title plant which are reflected as assets. A title plant is regarded as a tangible asset having an indefinite economic life; accordingly, title plant costs are not depreciated. Costs incurred to perform full title search additions to the title plant are capitalized in the year incurred. Costs incurred to maintain or update existing title files in the title plant are expensed as incurred.

Revenue Recognition -

Title insurance is provided to purchasers or financiers of real property purchases. The related revenue is recognized when policies become effective, generally at the property or mortgage loan closing. Under terms of the Company's agreements with its title insurance underwriters', a commission of 15% - 20% is paid to its underwriter on all title insurance policies written. Pricing is based on a rate schedule established by the Insurance Department of the State of New York which provides for varying rates for services rendered. Commission expense is reflected as a direct cost of title insurance revenue in the statement of operations.

(3) Summary of Significant Accounting Policies (Continued)

Revenue Recognition - (Cont'd)

The Company also performs title abstract research and prepares appraisals on real properties. Abstract and appraisal revenue is recognized as earned. Direct costs of abstract and appraisal revenue reflects the cost of work performed by subcontractors in geographical areas where the Company does not maintain an office, among other direct costs.

(4) Acquisitions

The Company acquired Proper Appraisal Specialists, Inc. (1991), Picciano Abstract Company, Inc. (1990), Livingston Abstract Corporation (1989) and Mid-State (1988) for cash, notes and common stock totalling approximately $185,000. These acquisitions were accounted for as purchases. Goodwill, representing the excess of purchase price over the fair value of tangible assets acquired related to these acquisitions, totalled approximately $66,000 and is being amortized over five years.

On July 1, 1990, Picciano Abstract Company, Inc. and Livingston Abstract Corporation merged into FCAC.

Effective February, 1991, Mid-State was merged into FCAC. On the effective date of the merger (a) each share of Mid-State Class A common stock, issued and outstanding or held in the treasury of Mid-State immediately prior thereto, was changed and converted into 956 shares of FCAC common stock and (b) each share of Mid-State Class B common stock, issued and outstanding or held in the treasury of Mid-State immediately prior thereto, was changed and converted into 252 shares of FCFC common stock.

In conjunction with this merger, the Company reduced the basis of long-term assets acquired in the Mid-State acquisition by approximately $27,000, established a liability of approximately $10,000 for the FCFC common stock to be issued pursuant to the merger and eliminated the previously recorded minority interest of approximately $37,000.

(5) Income Taxes

The Company has not adopted SFAS 109 "Accounting for Income Taxes". This statement is effective for years beginning after December 15, 1992. The adoption of this statement would not have a material effect on the Company's financial condition or results of operations.

(6) Escrow Deposits

As a service to its customers, FCAC administers escrow deposits representing undisbursed amounts received for settlements of mortgage loans or property sales and indemnities against specific title risks. These funds, totalling $82,083 and $44,533 at March 31, 1992 and December 31, 1991, respectively, are recorded as both a current asset and a current liability in the accompanying balance sheet.

(7) Notes Payable and Obligations Under Capital Leases

Notes Payable -

Notes payable were as follows at March 31, 1992 and December 31, 1991:

	March 31, 1992	December 31, 1991
Note payable to Marine Midland Bank, due in monthly installments of $8,333 plus interest at prime plus 3/4%, maturing in April, 1997. This note is guaranteed by the officers/stockholders of the Company, and is collateralized by substantially all of the Company's assets. (See Note 8)	$ 500,000	$ -
Various installment notes payable in aggregate monthly installments of $2,560 including interest from 11% to 14%, maturing through March, 1994, collateralized by vehicles and equipment.	43,282	49,527
Note payable in monthly principal installments of $1,130 plus interest at the prime rate plus 1%, maturing in July, 1992. This note is guaranteed by the officers/stockholders of the Company.	4,511	7,900
Other	9,579	10,887
	$ 557,372	$ 68,314
Less: Current portion	(135,648)	(40,762)
	$ 421,724	$ 27,552

(7) Notes Payable and Obligations Under Capital Leases (Continued)

Obligations Under Capital Leases -

The Company has entered into several capital lease agreements for equipment. These obligations consist of the following at March 31, 1992 and December 31, 1991:

	March 31, 1992	December 31, 1991
Various leases payable in aggregate monthly installments of $5,759, including interest at rates ranging from 9.5% to 16.9%. These leases mature through September, 1996 and are collateralized by the equipment.	$ 93,857	$ 108,345
Other	670	1,311
	$ 94,527	$ 109,656
Less: Current portion	(50,745)	(60,315)
	$ 43,782	$ 49,341

(8) Lines-of-Credit

The Company previously had available a $550,000 revolving line-of-credit with a bank. During 1991, this revolving line-of-credit was converted to a note payable. At December 31, 1991, $375,000 was outstanding on this note payable. During March, 1992 the Company secured a $500,000 note payable with another bank which was used to retire this note payable.

In March, 1992 the Company also secured a revolving line-of-credit bearing interest at the prime rate plus 1/2%. The maximum borrowing capacity under this agreement is $250,000. At March 31, 1992 there were no amounts outstanding on this line.

The Company also has available an unsecured line-of-credit of $100,000 with a bank. At March 31, 1992 and December 31, 1991, $-0- and $33,000, respectively, was outstanding under this line-of-credit with interest at the prime rate. Borrowings under the line-of-credit are personally guaranteed by the Company's principal officers/stockholders.

(9) Stockholders' Investment

Stock Options -

In 1990, the Company's Board of Directors adopted and the shareholders approved an increase in the number of shares of common stock allocated to the Company's 1988 Stock Incentive Plan (Plan) from 1,000,000 shares to 2,000,000 shares.

In 1990, pursuant to the Plan, the Company's Board of Directors granted non-qualified stock options to certain of its key employees to purchase an aggregate of 1,130,000 shares of common stock at a price of $.13 per share, the fair market value of the shares on the date the options were granted. The options expire in 1995. As of March 31, 1992, none of these options have been exercised.

Prior to 1990, pursuant to the Plan, the Company granted non-qualified stock options to three key employees and a director to purchase an aggregate of 420,000 shares of common stock at a price of $.125 per share, the fair market value of such shares on the dates the options were granted. The options expire in 1993. At March 31, 1992 options to purchase 60,000 shares remain outstanding.

At March 31, 1992, 450,000 shares are available for future grants under the Plan.

Employee Stock Bonuses -

During 1991, 1990 and 1989, the Company issued 11,000, 58,235 and 28,091 shares of common stock, respectively, to employees for services rendered. These shares were valued at fair market value at the date of grant and were recorded as compensation expense in the respective periods.

(10) Related Party Transactions

Due to Officers/Principal Stockholders -

During 1991, 1990 and 1989, one of the Company's principal officer/stockholder's made advances to the Company. These advances bear interest at the prime rate plus 3% and repayment is subordinated to the amounts outstanding under the line-of-credit agreements. The principal officer/stockholder has agreed not to require payment of this amount through January 1, 1993.

At March 31, 1992 and December 31, 1991, $194,000 was outstanding.

Office Lease Commitment -

The Company leases its Rochester facility from a related party. The lease agreement requires annual rental payments of $263,000 plus common area charges. This lease arrangement expires in May, 2002. The Company owed $103,425 and $96,055 for unpaid rent as of March 31, 1992 and December 31, 1991, respectively.

(10) Related Party Transactions (Continued)

In 1988, the Company issued 322,670 shares of the Company's common stock at fair market value, aggregating $157,128, in payment of its future rental obligations for certain facilities. This transaction has been recorded as prepaid rent on the Company's balance sheet and is being amortized over the lease period. Prepaid rent at March 31, 1992 and December 31, 1991 amounted to $16,346 and $26,168, respectively.

In 1990, the Company issued 1,153,846 shares of the Company's common stock at fair market value, aggregating $150,000 in lieu of payment of amounts owed for rent.

Significant Customer -

In 1990 and 1989, 11% and 19%, respectively, of revenue was derived from a related party.

(11) Lease Commitments

FCAC leases other office facilities under lease agreements expiring through February, 1997.

Minimum lease payments under non-cancelable lease agreements were as follows at December 31, 1991:

1992	$ 103,772
1993	76,039
1994	75,338
1995	60,038
1996	29,278
	$ 344,465

FOUR CORNERS FINANCIAL CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE QUARTER ENDED MARCH 31, 1992

1. Liquidity and Capital Resources

The Company's cash flow results from operations, bank loans, advances made by principal stockholders and from sales of common stock.

During the first quarter of 1992, cash reserves of $150,302 and cash flows from financing activities of $84,893 were sufficient to fund the Company's negative cash flow from operating activities of $139,732 and investment in fixed assets of $29,591.

Cash Flow from Operations: The Company had negative cash flow from operating activities during the first quarter of 1992 of $139,732 compared to positive cash flow of $71,903 for the same period of 1991. This negative position resulted from the Company's seasonal first quarter operating loss of $58,850 and an increase in accounts receivable and other assets. During the first quarter of 1991, cash flow from operations was favorably impacted by an increase in accounts payable. This did not re-occur during the first quarter of 1992. The Company expects further increases in accounts receivable as quarterly revenues continue to rise.

Cash Flow from Investing Activities: The Company made capital expenditures of $19,853 during the first quarter of 1992 as compared to $12,530 for the same period in 1991. To support its ongoing operations, the Company also made title plant investments of $9,738 as compared to $9,902 for the first quarter of 1991. The Company expects to increase its level of fixed asset and title plant additions in future periods as real estate activity increases. At March 31, 1992, the Company had no material purchase commitments.

Cash Flow from Financing Activities: Primary cash flows from financing activities relate to changes in financing under lines of credit, notes payable, and advances made by principal stockholders.

During 1991, the Company's line of credit was converted to a note payable with $25,000 principal payments due quarterly and a $375,000 balloon payment due April, 1992. During the first quarter of 1992, the Company obtained a commitment from another bank for a $500,000 term loan and a $250,000 working capital line of credit. This loan transaction was closed during March, 1992. The proceeds of the term loan were used to repay the note payable due April, 1992 of $375,000 and to provide additional working capital. These transactions, in addition to long term borrowings under capital leases, provided net cash flow from financing activities for the first quarter of 1992 of $84,893, as compared to a negative cash flow of $48,229 for the same period in 1991.

The Company expects cash flow generated from operations and bank lines of credit currently available will be adequate to meet its working capital and capital expenditure needs for at least the next twelve (12) months.

2. Results of Operations

Total revenues for the first three months of 1992 reached $1,423,699, representing an increase of $547,184 or 62% over the same period in 1991. This increase is reflective of the gains the Company has made in market share across the state, as well as an increase in real estate activity due to lower interest rates. First quarter revenues from abstract and appraisal fees increased to $1,073,010 as compared to $575,214 for the same period in 1991. Title insurance premiums rose by 16% during the first quarter of 1992 to $350,689. It is anticipated that this growth in revenues will continue into the second quarter of 1992 as the country's economy continues to rebound.

As a result of its purchase of Proper Appraisal Specialists, Inc. in December, 1991, the Company has begun to market commercial appraisal services to its existing customer base, as well as to other potential customers. Appraisal revenues for the first quarter of 1992 reached $198,530, an increase of $151,630 over the same period in 1991. In addition, the Company continues to explore the feasibility of establishing a branch operation in the Hudson Valley area of New York State.

As a result of the Company's geographic expansion and increase in business activity in areas where it does not have a direct operation, i.e. Hudson Valley, direct costs of revenue increased to 19.5% for the first quarter of 1992 as compared to 15% for the first quarter of 1991. Operating expenses for the three month period were $1,194,420 or 84% of revenues as compared to $872,838 or 97.5% of revenues for the same period in 1991. Correspondingly, the Company's first quarter operating loss decreased by $78,430 to $48,781, down from $127,211 in 1991. The net loss for the period was $58,850 as compared to $143,098 for the first quarter of 1991.

Due primarily to the restructuring of the Company's debt as a result of obtaining a five year term loan for $500,000 in March, 1992, the Company's ratio of current assets to current liabilities was 1.38:1 as compared to .96:1 at December 31, 1991. Accordingly, the Company's working capital balance improved to $305,066 as compared to a deficit of $39,921 at December 31, 1991.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

None

Item 2. **Changes in Securities**

None

Item 3. **Default Upon Senior Securities**

None

Item 4. **Submission of Matters to a Vote of Security Holders**

None

Item 5. **Other Information**

None

Item 6. **Exhibits and Reports on Form 8-K**

a. Exhibits

None

b. Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FOUR CORNERS FINANCIAL CORPORATION

Date May 13, 1992 By

Frank B. Iacovangelo
President/Treasurer

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FOUR CORNERS FINANCIAL CORPORATION

Date May 13, 1992 By /s/ Frank B. Iacovangelo
Frank B. Iacovangelo
President/Treasurer

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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

APR 1 1992

FORM 10-Q

MR
4/15

For the Quarter
Ended February 29, 1992

Commission File Number
0-19796

GGL 22600

INTERACTIVE TECHNOLOGIES CORPORATION, INC.

(Exact name of registrant as specified in its charter)

Wyoming
(State or other jurisdiction of
incorporation or organization)

98-0120805
(I.R.S. Employer
Identification No.)

11400 West Olympic Boulevard, Suite 250
Los Angeles, California
(Address of principal executive offices)

90064
(Zip Code)

(310) 914-0188
(Registrant's telephone number including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ___. No _X_.

The Registrant has 5,689,444 shares of common stock, par value $0.01 per share, issued and outstanding as of April 1, 1992.

Total number of sequentially numbered pages in this document: 10

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INTERACTIVE TECHNOLOGY CORPORATION, INC.

FORM 10-Q FOR QUARTER ENDED FEBRUARY 29, 1992

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

INTERACTIVE TECHNOLOGIES CORPORATION
(Formerly Niobix Corporation N.V.)

BALANCE SHEET
(Canadian Funds)
(Unaudited)

FEBRUARY 29, 1992

ASSETS

	February 29 1992	May 31 1991
CURRENT		
Cash	$ 100,842	$ 369,570
Accounts receivable	5,000	15,130
	105,842	384,700
LICENSE - COLOR SYSTEMS TECHNOLOGY, at cost net of accumulated amortization of $136,467	2,077,283	2,300,000
INVESTMENTS IN OTHER COMPANIES	3,613,202	1,456,952
MINING PROPERTIES	1	1
TOTAL ASSETS	$ 5,796,328	$ 4,141,653

LIABILITIES

	February 29 1992	May 31 1991
CURRENT		
Accounts payable and accrued liabilities	$ 121,480	$ 383,860
LOAN PAYABLE	115,000	-
DEBENTURE PAYABLE INCLUDING INTEREST THEREON	2,142,000	-
TOTAL LIABILITIES	2,378,480	383,860

SHAREHOLDERS' EQUITY

	February 29 1992	May 31 1991
CAPITAL STOCK	4,926,398	4,926,398
DEFICIT	(1,508,550)	(1,168,605)
TOTAL SHAREHOLDERS' EQUITY	3,417,848	3,757,793
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,796,328	$ 4,141,653

See accompanying note to financial statements.

APPROVED ON BEHALF OF THE BOARD:

. . . .
Director

. . . .
Director

INTERACTIVE TECHNOLOGIES CORPORATION
(Formerly Niobix Corporation N.V.)

STATEMENT OF LOSS
(Canadian Funds)
(Unaudited)

	Three Months Ended February 29		Nine Months Ended February 29	
	1992	1991	1992	1991
INCOME	$ -	$ -	$ -	$ -
OPERATING EXPENSE	176,262	3	359,184	15,813
LOSS BEFORE THE FOLLOWING	(176,262)	(3)	(359,184)	(15,813)
Other income	11,767	-	19,239	18,550
NET INCOME (LOSS) FOR THE PERIOD	$(164,495)	$(3)	$(339,945)	$ 2,737
INCOME (LOSS) PER SHARE FOR THE PERIOD	$(0.03)	$0.00	$(0.06)	$0.00

See accompanying note to financial statements.

INTERACTIVE TECHNOLOGIES CORPORATION
(Formerly Niobix Corporation N.V.)

STATEMENT OF CHANGES IN FINANCIAL POSITION
(Canadian Funds)
(Unaudited)

	Nine Months Ended February 29	
	1992	1991
OPERATING ACTIVITIES		
Net income (loss) for the period	$(339,945)	$ 2,737
Amortization of license agreement	136,467	-
Change in non-cash components of working capital	(252,250)	(36,022)
	(455,728)	(33,285)
FINANCING ACTIVITIES		
Debenture payable including interest thereon	2,142,000	-
Loan payable	115,000	-
	2,257,000	-
INVESTING ACTIVITIES		
Investment in shares of Color Systems Technology	(2,156,250)	-
Value of gross receipts interest transferred - License Agreement	86,250	-
	(2,070,000)	-
CHANGE IN CASH	(268,728)	(33,285)
CASH, beginning of period	369,570	172,144
CASH, end of period	$ 100,842	$ 138,859

See accompanying note to financial statements.

INTERACTIVE TECHNOLOGIES CORPORATION
(Formerly Niobix Corporation N.V.)

NOTE TO FINANCIAL STATEMENTS
(Canadian Funds)
(Unaudited)

FEBRUARY 29, 1992

1. The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of February 29, 1992 and May 31, 1991, the results of operations for the three and nine month periods ended February 29, 1992 and 1991 and changes in financial position for the nine month periods ended February 29, 1992 and 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Interactive Technologies Corporation Inc. (the "Company") is the owner of an exclusive license (the "Licensee") from Color Systems Technology, Inc. ("CST"; for the colorization of Western European films. The Company had no continuing operations during the first nine months of this fiscal year, although during this period the Company has engaged in planning and laying the groundwork for proposed colorization operations.

In connection with the Company's purchase of the License and to reflect subsequent developments in CST's colorization process, the License has been amended to provide that the initial term of the License will extend until July 31, 2003, and that the License is renewable by the Company for an additional term of ten years provided that the Company is not then in default under the License and certain other conditions are met. In consideration for the License, the Company is obligated to pay to CST 10% of all its gross receipts from the colorization of films and other uses of CST's technology.

As of October 31, 1991, in order to further enhance its ties with CST and pursuant to an offer made by CST, the Company purchased from CST 500,000 shares of the common stock of CST for $3.75 per share for a total purchase price of $1,875,000. The purchase price was payable as follows: (1) the Company gave CST an additional 3.75% interest in all the gross receipts of the Company which was valued at $75,000; and (2) the Company agreed to pay the remaining $1,800,000 with interest at 10% per annum. The terms of the transaction and the Company's obligation to pay the remaining portion of the purchase price are reflected in a debenture entered into between the Company and CST (the "CST Debenture"). The $1,800,000 is payable in 13 semi-annual payments of principal and interest of $213,173.35 commencing October 30, 1995 with a lump sum payment of $1,000,000 due on October 30, 2001. Under the CST Debenture, at any time prior to October 30, 2001, the Company can repurchase from CST the right to 3.75% of the Company's gross receipts for $400,000. Should the Company at any time be in default in the payment of principal or interest under the CST Debenture, CST has the option to convert the CST Debenture into a number of shares of the capital of the Company equal to 50% of the then outstanding shares of capital of the Company calculated on the date of default. To secure its obligations under the CST Debenture, the Company has granted CST a security interest in all of its right, title and interest to the License.

Also, as of October 31, 1991, the Company borrowed $100,000 from Exergon Capital, S.A.. Interest is payable semiannually at 10% per annum. The principal balance of this loan is due on October 31, 1993. The Company paid the lender a fee of $5,000 in connection with this loan. Exergon Capital S.A. has the right to convert the principal amount of the loan, $100,000, and all accrued interest into common stock of the Company at a conversion price of $2.50 per share. If the loan is being paid currently, accrued interest should never exceed $5,000. Consequently, the maximum number of shares generally subject to such option is 42,000 shares of common stock. Exergon Capital S.A. is the party from which the Company purchased the License. This transaction increased the Company's working capital.

Additional Matters

Canadian income tax laws required that certain taxes be withheld in connection with the Company's portion or rents paid to the co-tenancy in which the Company was a co-tenant. No such income taxes were in fact withheld. No assessments from Revenue Canada (Canada's taxing authority) have been received. Legal counsel is currently negotiating the issue with Revenue Canada. Management estimates the potential income taxes, penalties and interest to range between approximately $25,000 Can. and $260,000 Can. The Company's working capital may be insufficient to pay the amount owed Revenue Canada. The Company presently has no cash reserved to pay this amount or commitments it can draw upon to obtain cash to pay such amount.

Liquidity and Capital Resources

Although the Company has not yet commenced operations and there is no assurance that the Company will obtain contracts for its services, the Company has projected that the first year of active operations producing 11 colorized films using rented colorization equipment and purchasing post-production services will require approximately $2,000,000. This amount includes licenses fees, marketing and sales costs, operating expenses, production personnel salaries, general administration salaries and certain equipment purchases. However, the Company does not need the entire $2,000,000 to begin colorization operations. The majority of the costs of colorization are related to variable expenses of colorization which could be adjusted to reflect the demand for the Company's services.

In the face of slow initial demand, the Company believes that it could lease a substantial amount of the equipment it needs. (The Company has not yet researched the possibility of acquiring such leases and there can be no assurance such leases will be available.) Even if the Company had to purchase all the hardware it required, such purchases would only cost between $300,000 and $600,000.

As of February 29, 1992, the Company had $100,842 Can. (approximately $84,798 U.S.) in cash. Such funds are insufficient to finance the Company's first year of operations in the colorization business. The Company currently has no commitments from other parties to provide additional funds. The Company intends to raise an additional $400,000 through the sale of either debt or equity. The Company believes that any additional funds that it will need in excess of the $500,000 referred to above in the first year of operations and thereafter can be obtained from the revenues generated by the sale of colorization services. The Company will attempt to negotiate contracts that require the purchasers of colorization services to pay for each film to be colorized, one-third of the contract price prior to the commencement of work, one-third at the completion of one-half of the required colorization and one-third upon delivery of the finished product. Such contracts, if implemented, would result in the purchasers of colorization services financing most of the cost of colorization.

There can be no assurance that the Company can obtain the additional capital or equity or sufficient revenues to finance the Company's first year of operations in the colorization business. Given that the Company presently possesses no commitments for debt or equity financing, no contracts for colorization services and no leases for colorization equipment, the Company cannot determine the likelihood that it will have sufficient working capital and revenues to complete the first year's proposed operations. If cash from operations do not cover expenses, the Company does not have significant working capital or other liquid resources to cover such shortfall.

The Company has no commitments to make any significant expenditures other than pursuant to the CST Debenture and the Exergon Capital S.A. loan agreement. Under the Exergon Capital S.A. loan agreement the Company must pay interest semiannually at 10% per annum. The principal balance of this loan, $100,000, is due on October 31, 1993. Under the CST Debenture, the Company is required to pay 13 semi-annual payments of principal and interest of $213,173.35 commencing October 30, 1995 with a lump sum of $1,000,000 due on October 30, 2001.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings. None.

Item 2. Changes in Securities. None.

Item 3. Defaults under Senior Securities. None.

Item 4. Submission of Matters to a Vote of Security Holders. None.

Item 5. Other Information. The Company has received a letter from CST stating that certain of CST's shareholders intend to pursue a shareholder's lawsuit against CST for recession of the License and the CST Debenture. This letter states that the basis of such suit is that Buddy Young was a member of the Board of Directors and the Chief Executive Officer and President of CST at the time of the execution of the CST Debenture and allegedly had an undisclosed interest in the Company at such time. CST's letter also stated that CST and the Company should enter into discussions regarding a recession or termination of the License, the CST Debenture and the related agreements. The Company believes there is no basis for CST's assertions or for CST to unilaterally terminate the License or any of the related agreements. The Company will vigorously contest any attempt to terminate the License or any related agreements.

The Company is currently engaged in discussions with CST regarding its relationship to CST.

Item 6. Exhibits and Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 13, 1992

INTERACTIVE TECHNOLOGIES CORPORATION, INC.

MILTON KLYMAN, Chairman of the Board of Directors and Treasurer (principal financial officer)

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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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MAY 1 4 1992

Form 10Q

H92-2260

X Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For Quarter ended March 31, 1992

OR

___ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ________________

Commission file No. 0-8232

McFarland Energy, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	95-2756635
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10425 South Painter Avenue, Santa Fe Springs, California 90670
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (310) 944-0181

None
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

PROCESSED BY
12-12-V
MAY 15 1992

Yes X No ________

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APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

5,199,359 Shares

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McFarland Energy, Inc.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	1992	1991(1)
Revenues:		
Oil and gas	$3,388,000	$4,110,000
Interest and other	37,000	78,000
Gain on sale of assets	39,000	--
	3,464,000	4,188,000
Costs and expenses:		
Crude oil and gas production	1,785,000	2,212,000
Exploration, including dry holes	725,000	1,011,000
Depletion and depreciation	708,000	1,170,000
Property impairments	--	893,000
General and administrative	483,000	549,000
Interest expense	62,000	94,000
Other	50,000	--
	3,813,000	5,929,000
Loss before income taxes	(349,000)	(1,741,000)
Income taxes:		
Current	--	(95,000)
Deferred	(118,000)	(76,000)
	(118,000)	(171,000)
Net loss	$ (231,000)	$(1,570,000)
Net loss per common share	$(0.04)	$(0.30)
Weighted average number of shares outstanding	5,199,359	5,199,359

(1)Restated as described in Note 3.

(See notes following)

McFarland Energy, Inc.

Consolidated Balance Sheets
(Unaudited)

	March 31, 1992	December 31, 1991
ASSETS		
Current Assets:		
Cash and short-term investments	$ 261,000	$ 887,000
Accounts receivable	2,545,000	2,975,000
Tax refund receivable	848,000	848,000
Crude oil inventory	348,000	335,000
Materials and supplies inventory	589,000	542,000
Prepaids and other current assets	291,000	484,000
Total current assets	4,882,000	6,071,000
Property and Equipment	72,820,000	73,201,000
Less accumulated depletion and depreciation	54,613,000	54,696,000
	18,207,000	18,505,000
Other Assets	777,000	767,000
	$23,866,000	$25,343,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 1,669,000	$ 1,480,000
Royalties and revenue payable	1,169,000	1,497,000
Cost advances from joint venture partners	282,000	81,000
Income taxes payable	--	16,000
Other accrued liabilities	597,000	846,000
Borrowings under line of credit	50,000	975,000
Total current liabilities	3,767,000	4,895,000
Convertible Notes	2,592,000	2,592,000
Deferred Income Taxes	477,000	595,000
Stockholders' Equity:		
Common stock, $1.00 par value	5,199,000	5,199,000
Additional paid-in capital	18,796,000	18,796,000
Deficit	(6,965,000)	(6,734,000)
	17,030,000	17,261,000
	$23,866,000	$25,343,000

(See notes following)

McFarland Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	1992	1991(1)
ASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(231,000)	$(1,570,000)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion and depreciation	708,000	1,170,000
Abandonments and property impairments	170,000	956,000
Deferred income taxes	(118,000)	(76,000)
Gain on sale of assets	(39,000)	--
Change in assets and liabilities:		
Decrease (increase) in:		
Receivables	430,000	438,000
Inventory	(60,000)	131,000
Prepaids and other current assets	193,000	1,072,000
Increase (decrease) in:		
Accounts payable	189,000	(751,000)
Royalties and revenue payable	(328,000)	(545,000)
Cost advances from joint venture partners	201,000	449,000
Taxes payable	(16,000)	(37,000)
Other accrued expenses	(249,000)	(515,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	850,000	722,000
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(557,000)	(645,000)
Proceeds from sales of property and equipment	15,000	1,000
Other	(9,000)	--
NET CASH USED IN INVESTING ACTIVITIES	(551,000)	(644,000)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Proceeds from revolving line of credit	--	--
Payments on revolving line of credit	(925,000)	(950,000)
NET CASH USED IN FINANCING ACTIVITIES	(925,000)	(950,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(626,000)	(872,000)
Cash and cash equivalents at the beginning of the year	887,000	2,706,000
CASH AND CASH EQUIVALENTS AT MARCH 31, 1992 AND 1991	$ 261,000	$1,834,000

(1)Restated as described in Note 3.

(See notes following)

McFarland Energy, Inc.
Notes to Unaudited Financial Statements
March 31, 1992

Note 1. Statement from Management

The information furnished in this report reflects all adjustments which, in the opinion of management, are necessary to present fairly the financial position at March 31, 1992 and December 31, 1991 and the results of operations for the three months ended March 31, 1992 and 1991.

Note 2. Principles of Consolidation

The consolidated financial statements include the accounts of McFarland Energy, Inc. and its wholly-owned subsidiary, Carl Oil & Gas Co. ("Company"). All intercompany accounts and transactions have been eliminated in consolidation.

Note 3. Change in Accounting

In the fourth quarter of 1991 the Company changed its method of accounting for oil and gas operations from the full cost method to the successful efforts method. The Company's management concluded that the successful efforts method provides a better measure of the Company's exploration and production activities.

Under the successful efforts method, costs of productive wells, development dry holes and productive leases are capitalized and amortized on a unit-of-production basis over the life of the related remaining proven reserves. Cost centers for amortization purposes are determined on a field by field basis. Oil and gas leasehold costs are capitalized when incurred. Significant unproved and proved properties are assessed periodically and any impairments in value are charged to expense.

Exploratory costs including geological and geophysical costs, dry holes and delay rentals are expensed as incurred. Exploratory costs are initially capitalized, but charged to expense if and when a well is determined to be unsuccessful.

Note 4. Convertible Notes

On July 15, 1988, in conjunction with the acquisition of Carl Oil and Gas Co., the Company issued $2,592,000 of 8% convertible subordinated notes due July 15, 1993. The terms of the notes call for quarterly interest payments through July 15, 1993, or up to the date of conversion. The Company has the option to convert the notes to its common stock provided that the Company's common stock has been quoted by the National Association of Securities Dealers at an average weighted price of $12.50 per share, or higher, for at least twenty consecutive business days. These notes may also be converted at the option of the note holders at any time at the rate of one share of the Company's common stock for each $12.50 principal amount.

The notes are subordinate to any senior indebtedness incurred by the Company and restrict payment of dividends on common stock if there exists any unpaid accrued interest.

McFarland Energy, Inc.
Notes to Unaudited Financial Statements
March 31, 1992
(Continued)

Note 5. Revolving Credit Agreements

In November 1989 the Company entered into a $5 million revolving credit agreement with a major bank. At the option of the Company, the interest rate on borrowed funds is either the referenced rate, a rate of interest publicly announced by the bank; the fixed rate, the rate agreed-upon between the Company and the bank; or the offshore rate, the rate offered to major banks in the offshore dollar inter-bank markets. On March 8, 1990 the Company borrowed $4 million under the revolving credit agreement to finance the South Louisiana producing properties acquisition. The credit agreement expired in December 1990, and was replaced by a new unsecured credit facility dated December 27, 1990 ("Credit Agreement"). The Credit Agreement consists of a $5 million working capital line of credit which is to be used for working capital, capital expenditures and oil and gas property acquisitions, and it expires on May 31, 1992. The Company expects to renew the line of credit under similar terms at its expiration and is currently in discussions with the bank. At the option of the Company, the interest rate is either the referenced rate, fixed rate or offshore rate.

The Credit Agreement contains certain covenants which require maintenance of minimum levels of net worth and working capital, maintenance of minimum or maximum financial ratios, and certain limitations on the incurrence of liens or encumbrances on the Company's assets. There are no commitment fees or compensating balance requirements.

At March 31, 1992, $50,000 remained outstanding under the $5 million working capital line of credit at an interest rate of 6.5%.

Note 6. Commitments and Contingencies

The Company has certain contingent liabilities with respect to litigation, claims, taxes, government regulations, and contractual agreements arising from the ordinary course of business. While there are always risks inherent in the resolution of any contingency, it is the opinion of management that such contingent liabilities will not result in any loss which would have an adverse material effect on the Company's financial position.

McFarland Energy, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Liquidity

Net cash provided by operating activities increased 18% from a year ago to $850,000. This increase was achieved despite an 18% decline in first quarter oil and gas revenues. The principal factors behind this current quarter increase in net operating cash flow were significantly reduced production and exploration costs and lower general and administrative expenses.

Crude oil production declined 2% from a year ago to 216,000 barrel, while natural gas production fell 21% to 372,000 MCF. The Company's declining natural gas production reflects natural reservoir production declines occurring at the Company's principal California and Gulf Coast gas properties. The Company hopes to offset its declining gas production through its exploration activities and/or through a significant producing property acquisition.

The Company is continuing the expanded steaming activities at its principal Midway Sunset Field property. In the first quarter of 1992, crude oil production from this property averaged 817 gross barrels per day, a 9% increase from the 1991 daily average. Since the end of the quarter, production has increased to a rate in excess of 900 gross barrels per day. Current development plans call for the recompletion of three wells on this property in the second quarter of this year.

In the first quarter of 1992, the Company received an average crude oil price of $12.26 per barrel as compared to $15.53 per barrel received in the first quarter of 1991. The lower crude oil prices accounted for approximately 80% of the current year decline in oil and gas revenues. Since the end of the first quarter the posted prices for the Company's higher gravity Gulf Coast and lower gravity California crude have risen in excess of $2.00 per barrel. Crude prices for Gulf Coast production are now $19.00-$20.00 per barrel, while the posted price for the Company's Midway Sunset Field 13°gravity crude oil as of May 5th is $12.75 per barrel. These price increases will have a significantly favorable impact on the Company's operating cash flow in the second quarter, as well as on the remainder of the year. However, there are no guarantees that crude prices will remain at their current levels since the crude oil markets remain highly volatile and continue to be affected by both foreign and domestic external factors. This price uncertainty makes accurate long-term forecasting extremely difficult, if not impossible.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources
(Continued)

First quarter natural gas prices for Gulf Coast production were at or near, all-time lows. During the quarter, sales of natural gas from some properties were made at price levels below $1.00 per MCF. At such low price levels, the economics of several gas properties become marginal and the Company's cash flow is adversely impacted. Gulf Coast prices have risen since the end of the first quarter and are currently in the range of $1.40-$1.50 per MCF. A seasonally late cold spell appears to have been the cause for the recent rise in natural gas prices. Future gas prices appear highly uncertain and unpredictable, continuing the trend of the past several years.

The first quarter results directly benefitted from the reorganization and cost-cutting measures implemented in the second half of 1991. Production costs declined 19% from a year ago to $1,785,000, while general and administrative costs were 12% lower at $483,000. Of equal importance was the slight improvement in the operating profit margin, which is the ratio of net profit from oil and gas operations to total oil and gas revenues. This ratio improved to 47% as compared to 46% a year ago despite sharply lower oil and gas revenues. Production costs on a barrel equivalent basis were reduced 13% from a year ago to $6.43 per barrel equivalent. The Company will continue to benefit from its 1991 cost-cutting measures and restructuring plan and should see its operating profit margin show further improvement in the second quarter if crude and natural gas prices remain at their current levels.

In April 1992, the Company entered into a settlement agreement with Petrominerals Corporation dismissing the lawsuits filed by the Company and Petrominerals, with neither admitting any wrongdoing. The Company paid $50,000 to Petrominerals as partial reimbursement for its litigation costs.

At March 31, 1992, the Company had net working capital of $1,115,000. The Company has a $5 million revolving line of credit that expires in May 1992. The Company expects this credit facility to be renewed under similar terms and believes that it could borrow larger sums for purposes of producing property acquisitions should the opportunity arise. At March 31, 1992, there remained $4,950,000 available under the Company's existing line of credit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources
(Continued)

Capital Resources

Capital expenditures in the first quarter of 1992, including dry hole costs, totalled $840,000. In the first quarter the Company participated in the drilling of five exploratory wells, two of which were located in the Gulf Coast area and the remaining three were located in the California San Joaquin Valley. Four of the wells were dry holes, while one of the California wells was completed as a commercial gas well and was tested at a rate of 3,141 MCF per day. The Company has a pre-payout interest of 30%. The well is currently shut-in pending gas marketing considerations. The level of additional development drilling and other related capital expenditures has not yet been finalized.

The Company has budgeted for the remainder of 1992 six other exploratory wells to be drilled in the California San Joaquin Valley. Total budgeted cost for the drilling of these wells is approximately $350,000. One exploratory well in the Gulf Coast area is currently being drilled. The Company has a 17% interest in the well.

The Company is continuing its intensified steaming activities at its principal Midway Sunset Field property. Current development plans call for the recompletion of three wells at a cost of approximately $120,000.

Based on the current cash flow projections, the budgeted capital commitments for exploratory and development activities are expected to be financed with the Company's operating cash flow.

Results of Operations
Three Months Ended March 31, 1992 and 1991

For the three months ended March 31, 1992, oil and gas revenues declined 18% to $3.4 million. The decline in first quarter revenues is primarily due to lower gas production and lower oil and gas prices.

Crude oil production in the first quarter of 1992 decreased 2% to 216,000 barrels. This slight decrease is due to the combination of lower oil production in the North Kern Front Field, as a result of the discontinuation of the Company's steaming activities in June 1991, partially offset by increased production at the Company's principal Midway Sunset Field property. Natural gas production declined 21% to 372,000 MCF as a result of lower gas production in the Company's primary California and Gulf Coast properties.

In the first quarter of 1992, crude oil prices averaged $12.26 per barrel which is a 21% decline from $15.53 per barrel received in 1991. The average natural gas price for the current year was $1.79 per MCF as compared to $2.01 per MCF in 1991, or an 11% decrease.

Oil and gas production costs for 1992 fell 19% from the first quarter in 1991. This decline was primarily the result of the Company's termination of its enhanced steam program at the North Kern Front Field in June 1991 and lower lifting costs overall for the California and Gulf Coast properties. The lifting cost per barrel equivalent for the first three months of 1992 averaged $6.43 per barrel equivalent as compared to $7.37 per barrel equivalent in 1991.

Exploration costs in the first quarter of 1992 decreased 28% from the prior year due primarily to the Company's reduction in its exploration program. In 1992, the Company has participated in five exploratory wells, four of which were dry holes.

Depletion and depreciation expense declined 39% from a year ago due primarily to lower depletable costs in the current year. In the first quarter of 1992 there were no property impairments.

For the first quarter of 1992, general and administrative expenses decreased by 12% as compared to the first quarter of 1991. This decrease reflects the positive effects of the Company's cost-cutting and reorganization plan implemented in the last half of 1991. Interest expense declined 34% to $62,000 in 1992 due to reduced line of credit borrowings in the current quarter.

For the three months ended March 31, 1992, the Company incurred a loss of $231,000, or $.04 per share, as compared to a loss of $1,570,000, or $.30 per share in the same period a year ago.

McFarland Energy, Inc.

Form 10-Q

March 31, 1992

PART II

Item 1. Legal Proceedings

In October of 1989, the Company was served with a summons and complaint in an action filed in Superior Court for the State of California for the County of Orange, Case No. 598151, entitled Petrominerals Corporation v. McFarland Energy, Inc. and McF Subsidiary, Inc. The action arose out of the failure to consummate a proposed merger that was contemplated between the Company and Petrominerals in 1987. Petrominerals had sued the Company for contract and tort damages for the Company's decision not to proceed with the merger and sought actual damages in the amount of at least $8,781,000 as well as punitive damages. In February 1990, the Company answered the complaint, denying all liability and asserting various affirmative defenses. At the same time, the Company filed a cross-complaint against Petrominerals seeking actual and punitive damages for, among other things, breach of contract, fraud and negligent misrepresentation in connection with Petrominerals' conduct during the proposed merger discussions and negotiations. In April 1992, pursuant to a settlement agreement between Petrominerals and the Company, the Company paid $50,000 to Petrominerals as partial reimbursement of Petrominerals' litigation costs, and the two companies dismissed their respective lawsuits, with neither admitting any wrongdoing. The dismissal was entered on April 13, 1992.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: none required

(b) Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

McFARLAND ENERGY, INC.

Date: May 13, 1992

Ronald T Yoshihara

Ronald T Yoshihara
Treasurer
(Principal Financial Officer)

JC McFarland

J. C. McFarland
Chief Executive Officer

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JG2-22600

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

or

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

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11-10 = 2
MAY 15 1992

Commission File No. 000-19788

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MENLEY & JAMES, IN
(Exact name of registrant as specified in its charter)

Delaware	**23-2621602**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

L3Q

100 Tournament Drive **Horsham, Pennsylvania**	**19044**
(Address of principal executive office)	(Zip Code)

(215) 441-6500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes _X_ No ___

The number of shares outstanding of the registrant's common stock (net of shares held in treasury) as of May 12, 1992 was:

Common Stock ($.01 par value) - 6,148,518 shares

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MENLEY & JAMES, INC.

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Exhibit 11

HENLEY & JAMES, INC.

Consolidated Balance Sheets
(In thousands of dollars)

	DECEMBER 31, 1991	MARCH 31, 1992 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 91	$ 85
Accounts receivable, net of allowances of $528 in 1991 and $473 in 1992	5,282	4,321
Inventory	6,897	6,860
Prepaid expenses	1,729	1,627
Total current assets	13,999	12,893
Property and equipment, net	1,400	1,601
Deferred financing costs, net	1,204	513
Product lines, trade names and packaging designs, net	32,996	32,730
Total assets	$ 49,599	$ 47,737
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 2,039	$ 1,543
Accrued expenses	1,455	936
Current maturities of long term debt	4,000	3,000
Total current liabilities	7,494	5,479
Long term debt	25,400	8,900
Redeemable preferred stock, $1 par value, authorized 5,000,000 shares, issued & outstanding series A, B and C 28,000 shares; series D 600,000 shares in 1991, and 0 shares in 1992, at redemption value including accrued dividends	31,213	-
Stockholders' (deficit) equity:		
Common stock, $.01 par value: authorized 15,000,000 shares, issued 3,848,518 shares in 1991 and 6,148,518 shares in 1992	38	62
Additional paid in capital	7	45,453
Accumulated deficit	(14,553)	(12,157)
Total stockholders' (deficit) equity	(14,508)	33,358
Total liabilities and stockholders' (deficit) equity	$ 49,599	$ 47,737

See accompanying notes

HENLEY & JAMES, INC.

Consolidated Statements of Operations
(In thousands except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	1991	1992
Net sales	$ 6,773	$ 5,629
Cost of goods sold	4,689	2,056
Gross profit	2,084	3,573
Selling, general and administrative expenses	2,248	2,433
Depreciation and amortization	324	389
Income (loss) from operations	(488)	751
Interest expense	874	378
Income (loss) before income taxes	(1,362)	373
Provision for income taxes	-	-
Income (loss) before extraordinary item	(1,362)	373
Extraordinary item, due to early extinguishment of debt, net of tax	-	590
Net loss	(1,362)	(217)
Preferred dividends accrued	560	-
Net loss applicable to common shares	$ (1,922)	$ (217)
Per share of common stock:		
Income (loss) before extraordinary item, supplemental	$ (0.15)	$ 0.07
Extraordinary item, due to early extinguishment of debt, net of tax	-	(0.09)
Net loss, supplemental	$ (0.15)	$ (0.02)
Weighted average number of common shares outstanding, supplemental	6,286	6,256

See accompanying notes

HENLEY & JAMES, INC.

Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	1991	1992
Cash flows from operating activities:		
Net loss	$ (1,362)	$ (217)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	324	415
Amortization of deferred financing costs	48	58
Write off of finance costs due to debt extinguishment	-	633
Provision for accounts receivable	278	(55)
(Increase) decrease in accounts receivable	(864)	1,016
Decrease in inventory	3,502	37
(Increase) decrease in prepaid expenses	(263)	102
Increase in deferred financing costs	(50)	-
Decrease in accounts payable	(1,006)	(496)
Decrease in accrued expenses	(278)	(519)
Net cash provided by operating activities	329	974
Cash flows used in investing activities:		
Property and other purchases	(200)	(349)
Cash flows from financing activities:		
Repayment of borrowings	-	(17,500)
Proceeds from issuance of common stock, net of offering costs	-	26,869
Redemption of preferred stock	-	(10,000)
Net cash used in financing activities	-	(631)
Net increase (decrease) in cash and cash equivalents	129	(6)
Cash and cash equivalents, beginning of period	370	91
Cash and cash equivalents, end of period	$ 499	$ 85

See accompanying notes

HENLEY & JAMES, INC.

Notes to Consolidated Financial Statements (Unaudited)

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992.

NOTE A--EARNINGS PER COMMON SHARE

Earnings per share are based on the weighted average number of shares of common stock outstanding during each period, as adjusted for the effect of the application of Securities and Exchange Commission Staff Accounting Bulletin No. 83.

NOTE B - INVENTORIES

Inventories consist of the following:

	December 31, 1991	March 31, 1992
	(In thousands)	
Raw Materials......................	$ 863	$1,037
Work in Process.....................	778	635
Finished Goods......................	5,256	5,188
	$6,897	$6,860

Item 2: Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

Net sales for the three months ended March 31, 1992 were $5,629,000 and income before extraordinary item was $373,000 ($0.07 per share). After taking into consideration an extraordinary item amounting to $590,000, the Company had a net loss of $217,000 ($0.02 per share). The extraordinary item is a non-cash charge against earnings from the write-off of financing costs. It arose from the early extinguishment of $15 million of a term loan with proceeds from the Company's initial public offering.

During the same period in 1991 the Company had a net loss of $1,362,000 ($0.15 per share) on net sales of $6,773,000. Tight management of inventories by wholesalers and retailers in the first quarter of the current year in response to the soft economy reduced sales volume in comparison to the first quarter of 1991. Management believes, however, that these reduced volumes were unique to the first quarter and that the Company's programs and plans for the remainder of the year remain on track.

Cost of goods sold for the 1992 period was $2.1 million or 36% of net sales compared to $4.7 million or 69% of net sales in 1991. The expense amount and ratio for the 1991 period reflect the higher fair market value allocated to the inventory acquired from SmithKline Beecham in the Company's purchase of the trademarks, product formulations and related inventories. The ratio for the 1992 period is indicative of the lower cost of goods levels expected to be incurred on an ongoing basis.

Selling, general and administrative expenses were $2.4 million in the 1992 period an increase of $185,000 due to an increase in marketing and promotion expenses of the primary brands. The selling, general and administrative expenses as a percentage of sales increased to 43% in the 1992 period from 33% in the 1991 period primarily as a result of the decrease in net sales for the 1992 period.

Depreciation and amortization expense increased $65,000 from the 1991 to the 1992 period which was essentially due to additional in service assets.

Interest expense was $378,000 for the 1992 period compared to $874,000 for the prior year's period. The decrease is due to lower average debt outstanding and lower average interest rates. The Company completed its initial public offering in January 1992 and a portion of the proceeds from the offering were used to repay $15 million of the Company's term loan. In the 1992 period, the Company had weighted average debt outstanding of $17.5 million, at a weighted average interest rate of 6.9%, as compared to $30 million of weighted average debt outstanding during the 1991 period, at a weighted average interest rate of 10.9%.

The Company, at December 31, 1991, had a net operating loss carryforward for financial statement purposes of $9.5 million and for federal income tax purposes of approximately $8.5 million which may be used to offset future taxable income.

Net income before extraordinary item increased significantly in the 1992 period, as compared to the 1991 period. This increase was due to lower cost of goods sold incurred and lower interest expense. The decrease in these costs more than offset the effect on profit due to lower sales in the 1992 period.

Liquidity and Capital Resources

At March 31, 1992, the Company had working capital of $7.4 million. Working capital was provided by its operations and the seasonal use of its revolving credit facility. At March 31, 1992, the Company had $900,000 outstanding under the credit facility. The credit facility has a maximum borrowing limit of $8 million and terminates on December 31, 1996. Under the credit facility, the Company may borrow up to the sum of 80% of eligible accounts receivable plus the lesser of 80% of eligible accounts receivables or 60% of eligible inventories. Under this formula, at March 31, 1992, the credit facility had a maximum borrowing limit of $5.0 million which reflects seasonality. The amount of borrowing and the subsequent repayments under the facility are a result of the seasonality of the Company's sales, marketing plans and profits. Also, extended payment date terms that are consistent with standard industry practice and are offered to the Company's customers under marketing programs, create seasonal changes in the Company's cash flow.

The Company completed its initial public offering of Common Stock in January 1992. The net proceeds from the offering were approximately $27 million and were used to repay $15 million of the Company's term loan, reduce the outstanding balance of its revolving credit facility by $2 million and redeem $10 million of the Company's preferred stock. The former holders of the Company's preferred stock contributed the balance of their shares of preferred stock to the capital of the Company in connection with the initial public offering.

At the present time, the Company's primary cash requirements are for it normal operating uses, including projected expenditures for the planned introduction of Garfield multivitamins in the summer of 1992, and debt principal and interest service. Under the terms of the credit agreement with Mellon Bank, N.A., beginning in 1992 the Company must make mandatory prepayments of the term loan and revolving credit facility from excess cash flow and proceeds from the sale of assets or the issuance of equity securities as specified in the credit agreement. The Company conducts an ongoing program of evaluating opportunities to acquire additional brand name products or product lines to enhance its product portfolio. Such acquisitions may take a variety of forms including licensing arrangements, purchases of trademarks and related inventory, or acquisitions of business units. Management believes that cash flow from operations, current and future borrowing capacity, and the effect of the reduction of long term debt and lower interest cost as a result of its initial public offering, will be sufficient to fund the Company's operating and capital requirements for the foreseeable future.

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	None
Item 2.	Changes in Securities	None
Item 3.	Defaults Upon Senior Securities	None
Item 4.	Submission of Matters to a Vote of Security Holders	None
Item 5.	Other Information	None
Item 6.	Exhibits and Reports on Form 8-K	

a. Exhibits
Exhibit 11 - Statement of computation of net income (loss) per share

b. Reports on Form 8-K
The registrant was not required to file any current reports on Form 8-K during the three months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HENLEY & JAMES, INC.

William W. Yeager
Chief Financial Officer (Principal
Financial Officer and Principal Accounting Officer)

Date: May 12, 1992

Exhibit 11

Statement of Computation of Net Income (loss) per Share
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	1991	1992
Historical average shares outstanding	3,872	3,848
Net effect of stock options	114	108
Shares issued in public offering	2,300	2,300
Total weighted average common shares outstanding	6,286	6,256
Income (loss) applicable to common shares (before extraordinary item)	$(1,922)	$ 373
Add: interest expense reduction	408	88
Add: elimination of preferred stock dividend	560	-
Income (loss) applicable to common shares (before extraordinary item), supplemental	(954)	461
Extraordinary item, due to early extinguishment of debt, net of tax	-	590
Net loss applicable to common shares, supplemental	$ (954)	$ (129)
Per share of common stock:		
Income (loss) before extraordinary item, supplemental (1)	$ (0.15)	$ 0.07
Extraordinary item, due to early extinguishment of debt, net of tax	0.00	(0.09)
Net loss, supplemental (1)	$ (0.15)	$ (0.02)

(1) Adjusted to reflect the sale of 2.3 million shares of common stock by the Company and the application of the net proceeds therefrom.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 29, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________.

Commission File Number 0-18759

BEST COPY AVAILABLE

MOORCO INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

51-0277200
(I.R.S. Employer Identification No.)

PROCESSED BY

APR 15 1992 12/12:P

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Suite 5701
2800 Post Oak Boulevard
Houston, Texas
(Address of principal executive offices)

056
Code)

(713) 993-0999
(Registrant's telephone number, including area code) L3Q

2700 Post Oak Blvd., Suite 2400, Houston, Texas 77056
(Former name, address and formal fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No _____

As of March 31, 1992, the number of shares of Common Stock outstanding was 12,133,975, excluding 66,351 treasury shares.

MOORCO INTERNATIONAL INC.

REPORT ON FORM 10-Q FOR THE QUARTER ENDED FEBRUARY 29, 1992

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MOORCO INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	February 29, 1992 (Unaudited)	February 28, 1991 (Unaudited)	February 29, 1992 (Unaudited)	February 28, 1991 (Audited)
Sales	$55,172	$40,534	$151,028	$121,344
Cost of goods sold	39,058	29,149	106,703	87,016
Gross profit	16,114	11,385	44,325	34,328
Selling, general and administrative expenses	9,591	7,143	26,785	21,818
Operating income	6,523	4,242	17,540	12,510
Interest expense, net	121	1,062	569	3,572
Other (income) expense, net	36	(1)	(1,134)	(1,657)
Income before income taxes	6,366	3,181	18,105	10,595
Income taxes	2,411	1,146	6,899	3,943
Net income	$ 3,955	$ 2,035	$ 11,206	$ 6,652
Net income attributable to common stockholders	$ 3,955	$ 2,014	$ 11,204	$ 6,592
Earnings per common and common equivalent share	$ .32	$ .20	$ .92	$ .67
Weighted average number of common and common equivalent shares outstanding	12,241	9,852	12,225	9,852
Cash dividends per share	$ .05	$ --	$ .10	$ --

The accompanying notes are an integral part of these statements.

MOORCO INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	February 29, 1992 (Unaudited)	May 31, 1991 (Audited)
ASSETS		
Current assets:		
Cash	$ 5,152	$ 1,653
Receivables (less allowances of $1,439 and $1,166)	34,439	30,514
Inventories	33,059	33,867
Prepaid expenses	1,641	1,649
Total current assets	74,291	67,683
Property, plant and equipment, net	42,699	39,063
Other assets:		
Investments in unconsolidated affiliates	1,197	1,434
Goodwill	2,988	2,890
Other assets	4,011	5,470
Total assets	$125,186	$116,540
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans	$ --	$ 3,682
Current maturities of long-term debt	598	6,114
Accounts payable	11,639	13,084
Accrued liabilities	17,585	14,699
Income taxes payable	3,816	1,784
Total current liabilities	33,638	39,363
Long-term debt, less current maturities	2,594	25,374
Deferred income taxes	2,769	2,880
Other liabilities	4,268	5,272
Total liabilities	43,269	72,869
Commitments and contingencies		
Redeemable preferred stock:		
$9.50 Cumulative Convertible Preferred Stock, Series B, $100 par value, 150,000 shares authorized, none outstanding at February 29, 1992 and 150,000 shares outstanding at May 31, 1991, stated at liquidation preference	--	26,015
Stockholders' equity:		
Preferred Stock:		
$100 par value, 80,000 shares authorized, none outstanding	--	--
$1 par value, 5,000,000 shares authorized, none outstanding	--	--
Common Stock, $.01 par value, 50,000,000 shares authorized, 12,199,085, and 6,392,149 shares issued, respectively	122	64
Paid-in capital	58,643	4,951
Retained earnings	24,196	14,204
Cumulative translation adjustment	(168)	(621)
Unamortized pension costs	(409)	(409)
Unamortized restricted stock awards	(178)	(264)
Treasury stock, 66,351 common shares, at cost	(289)	(289)
Total stockholders' equity	81,917	17,636
Total liabilities and stockholders' equity	$125,186	$116,540

The accompanying notes are an integral part of these statements.

MOORCO INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended	
	February 29, 1992 (Unaudited)	February 28, 1991 (Audited)
Cash flows from operating activities:		
Net income	$11,206	$ 6,652
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,808	5,235
(Gain) Loss on sale of assets	51	(151)
Decrease in deferred income taxes	(111)	(302)
Undistributed earnings of unconsolidated affiliates	2	(6)
Changes in operating assets and liabilities:		
Increase in receivables	(3,390)	(1,554)
(Increase) Decrease in inventories	1,517	(672)
(Increase) Decrease in prepaid expenses	44	(301)
Increase (Decrease) in accounts payable and accrued liabilities	1,108	(191)
Increase in income taxes payable	1,964	1,319
Change in other assets and liabilities, net	(823)	(2,562)
Net cash provided by operating activities	17,376	7,467
Cash flows from investing activities:		
Capital expenditures	(8,197)	(2,421)
Proceeds from sale of assets	6	959
Net cash used in investing activities	(8,191)	(1,462)
Cash flows from financing activities:		
Repayment of senior and subordinated debt	(25,350)	(3,900)
Principal payments under capital lease obligations	(589)	(168)
Additions to other long-term debt	37	24
Repayments of other long-term debt	(2,742)	(3,070)
Net increase (decrease) in short-term debt	(3,580)	1,319
Dividend on common stock	(1,212)	-
Proceeds from initial public offering	26,364	-
Proceeds from exercise of warrants	2,232	-
Redemption of redeemable preferred stock	(985)	-
Proceeds from exercise of stock options	122	10
Net cash used in financing activities	(5,703)	(5,785)
Effect of exchange rate changes on cash	17	12
Net increase in cash	3,499	232
Cash at beginning of period	1,653	1,436
Cash at end of period	$ 5,152	$ 1,668

The accompanying notes are an integral part of these statements.

MOORCO INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows of Moorco International Inc. and its wholly-owned subsidiaries (the "Company") for all periods presented. The consolidated balance sheet as of May 31, 1991, was derived from the audited consolidated balance sheet included in the Company's 1991 annual report on Form 10-K. The consolidated statements of income and cash flows for the nine months ended February 28, 1991, were derived from the audited consolidated statements of income and cash flows included in the Company's registration statement on Form S-1. All other financial statements presented are unaudited. The results of operations for the three months and nine months ended February 29, 1992, are not necessarily indicative of the results that may be expected for the full fiscal year.

These statements have been prepared in accordance with the requirements for interim financial statements contained in Regulation S-X, which do not require all the information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. Therefore, these statements should be read in conjunction with the consolidated financial statements and related footnotes included in the Company's annual report on Form 10-K for the fiscal year ended May 31, 1991.

2. Initial Public Offering

On June 11, 1991, the Company completed its initial public offering by selling 2,175,128 shares of Common Stock at a price of $14.25 per share ($13.27 per share after underwriting discounts and commissions). In connection with the offering, the Series B preferred stockholders converted 144,330 shares of Series B Preferred Stock into 2,405,499 shares of Common Stock. The Company redeemed the remaining 5,670 shares of Series B Preferred Stock at a redemption price of $985,000 ($173.77 per share, including $73.77 per share in accrued dividends). The Company received net proceeds, after expenses, of $26,364,000 from the offering and $2,232,000 from the exercise of outstanding warrants to purchase 1,200,000 shares of Common Stock at $1.86 per share. The Company utilized the net proceeds to prepay its subordinated debt and senior term loan, and repay the senior revolving loan and short-term foreign bank loans.

3. Earnings Per Share

Earnings per common and common equivalent share is calculated by dividing net income available to common stockholders by the weighted average common and common equivalent shares outstanding during the period which includes, for the three months and nine months ended February 28, 1991, 2,405,499 shares of Common Stock issued upon conversion of 144,330 shares of Series B Preferred Stock, as discussed in Note 2. Net income available to common stockholders is calculated by deducting from net income the dividend requirements for the 5,670 shares of Series B Preferred Stock redeemed upon completion of the initial public offering. Such amounts were $21,000 for the three months ended February 28, 1991, and $2,000 and $60,000 for the nine months ended February 29, 1992 and February 28, 1991, respectively. Common stock equivalents include stock options and warrants to purchase Common Stock. There is no significant difference between earnings per share on a primary or fully diluted basis.

4. Inventories

Inventories are summarized below (in thousands):

	February 29, 1992	May 31, 1991
Raw materials	$ 9,139	$ 8,519
Work-in-process	11,883	12,766
Finished goods	12,037	12,582
	$ 33,059	$ 33,867

5. Supplemental Cash Flow Information

The following information is provided to supplement the Consolidated Statements of Cash Flows (in thousands):

	Nine Months Ended	
	February 29, 1992	February 28, 1991
Cash paid during the period for:		
Interest	$ 1,254	$ 4,316
Income taxes	4,826	2,772

6. Industry Segments

Sales and operating income by industry segment are set forth in the following table (in thousands):

	Three Months Ended		Nine Months Ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28, 1991
Sales:				
Metering equipment	$33,494	$ 24,176	$ 89,735	$ 73,604
Pressure relief equipment	21,678	16,358	61,293	47,740
	$55,172	$ 40,534	$151,028	$121,344
Operating income:				
Metering equipment	$ 4,911	$ 3,155	$ 13,220	$ 9,863
Pressure relief equipment	2,974	1,352	7,822	4,310
Corporate expenses	(1,362)	(265)	(3,502)	(1,663)
	$ 6,523	$ 4,242	$ 17,540	$ 12,510

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with Management's Discussion and Analysis included in the Company's latest annual report on Form 10-K.

Results of Operations

The table below sets forth certain information relating to the operations of the Company expressed as a percentage of sales:

	Three Months Ended		Nine Months Ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28, 1991
Sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	70.8	71.9	70.7	71.7
Gross profit	29.2	28.1	29.3	28.3
Selling, general and administrative expenses	17.4	17.6	17.7	18.0
Operating income	11.8	10.5	11.6	10.3
Interest expense, net	.2	2.7	.4	2.9
Other (income) expense, net	.1	-	(.8)	(1.3)
Income before income taxes	11.5	7.8	12.0	8.7
Income taxes	4.3	2.8	4.6	3.2
Net income	7.2%	5.0%	7.4%	5.5%

The Company's operations improved during the quarter and nine months ended February 29, 1992, as both Smith Meter Inc. ("Smith Meter") and Crosby Valve & Gage Company ("Crosby Valve") continued to benefit from an increase in the worldwide demand for their products due to the growth and expansion of their markets. The Company believes that this market expansion results from several factors including the modernization and expansion of the worldwide petroleum and chemical industry infrastructure, emerging markets in Eastern Europe, compliance with environmental legislation and construction and upgrading of electric power generation plants. The Company's backlog of unfilled orders was $64.8 million at February 29, 1992, a slight decrease from the level at February 28, 1991 as a result of shipments under major contracts.

Quarter Ended February 29, 1992 Compared to Quarter Ended February 28, 1991

Consolidated sales were $55.2 million, an increase of $14.6 million, or 36%, from the third quarter of fiscal 1991. The Company estimates that price increases contributed approximately $2.0 million to the sales increase while unfavorable foreign currency translation rates reduced sales by approximately $700,000. Smith Meter's sales increased $9.3 million, or 39%, due to the expansion of the markets for Smith Meter's products in Eastern Europe; increased expenditures by United States companies related to compliance with environmental legislation; and infrastructure upgrade and expansion in oil producing countries. Crosby Valve's sales were up $5.3 million, or 33%, due to strong demand from the worldwide power generation industry and increased sales into the international industrial process markets resulting from the modernization and expansion of the chemical and petroleum industry infrastructure in the Middle East and Far East.

Consolidated gross profit increased $4.7 million as a result of higher sales and a 1.1% increase in the gross margin percentage. Smith Meter's gross margin percentage declined by .8% as the result of lower margins on systems contracts shipped in the current quarter. Crosby Valve's gross margin percentage increased 4.0% due to higher volume, a favorable mix of high margin valve shipments to the electric power generation industry, and increased productivity. Selling, general and administrative expenses increased $2.4 million due to increased marketing and administrative costs resulting from a higher level of business activity. However, selling, general and administrative expenses as a percentage of sales declined by .2%. As the result of the foregoing, operating income increased $2.3 million, or 54%.

Net interest expense declined by $941,000 because the Company repaid substantially all of its debt in June 1991 with the proceeds from the initial public offering. Income before income taxes increased $3.2 million, or 100%.

Income tax expense increased $1.3 million due to higher pretax earnings and a 1.9% increase in the effective income tax rate. The effective tax rate increased due to higher state and foreign income taxes. Net income increased $1.9 million, or 94%. Earnings per common and common equivalent share were $.32, an increase of $.12, or 60%, from the $.20 reported in the same quarter last year. The increase in earnings per share takes into account a 24% increase in the average common shares outstanding as the result of the Company's initial public offering in June 1991.

Nine Months Ended February 29, 1992 Compared to Nine Months Ended February 28, 1991

Consolidated sales were $151.0 million, an increase of $29.7 million, or 24%, from the first nine months of fiscal 1991. The Company estimates that price increases contributed approximately $6 million to the sales increase while unfavorable foreign currency translation rates reduced sales by approximately $3.5 million. Smith Meter's sales increased $16.1 million, or 22%, primarily due to the expansion of the markets for Smith Meter's products in Eastern Europe; increased expenditures by United States companies related to compliance with environmental legislation; and infrastructure upgrade and expansion in oil producing countries. Crosby Valve's sales were up $13.6 million, or 28%, due to strong demand from the worldwide power generation industry and increased sales into the international industrial process markets resulting from the modernization and expansion of the chemical and petroleum industry infrastructure in the Middle East, Far East and Latin America.

Consolidated gross profit increased $10.0 million as a result of higher sales and a 1.0% improvement in the gross margin percentage. Smith Meter's gross margin percentage increased .6% due to higher volume and a more favorable sales mix. Crosby Valve's gross margin percentage improved by 1.8% as the result of increased sales of higher margin valves and parts to the electric power generation industry, higher sales volume and increased manufacturing productivity. Selling, general and administrative expenses increased $5.0 million due to increased marketing and administrative costs resulting from a higher level of business activity. However, selling, general and administrative expenses as a percentage of sales declined by .3%. As a result of the foregoing, operating income increased $5.0 million, or 40%.

Net interest expense declined by $3.0 million because the Company repaid substantially all of its debt in June 1991 with the proceeds from the initial public offering. Other income decreased by $523,000 due to a $1.0 million decrease in foreign currency transaction gains and a $250,000 decrease in earnings from unconsolidated affiliates, offset by a $744,000 gain recognized when an option to sell certain real estate expired. As a result of the foregoing, income before income taxes increased $7.5 million, or 71%.

Income tax expense increased $3.0 million due to higher pretax earnings and a .9% increase in the effective income tax rate. The effective tax rate increased due to higher state and foreign income taxes. Net income increased $4.6 million, or 68%. Earnings per common and common equivalent share were $.92, an increase of $.25, or 37%, from the $.67 reported in the first nine months of fiscal 1991.

Financial Condition, Capital Resources and Liquidity

On June 11, 1991, the Company completed its initial public offering by selling 2,175,128 shares of Common Stock at a price of $14.25 per share ($13.27 per share after underwriting discounts and commissions). In connection with the offering, the Series B preferred stockholders converted 144,330 shares of Series B Preferred Stock into 2,405,499 shares of Common Stock. The Company redeemed the remaining 5,670 shares of Series B Preferred Stock at a redemption price of $985,000 ($173.77 per share, including $73.77 per share in accrued dividends). The Company received net proceeds, after expenses, of $26,364,000 from the offering and $2,232,000 from the exercise of outstanding warrants to purchase 1,200,000 shares of Common Stock at $1.86 per share. The Company utilized the net proceeds to prepay its subordinated debt and senior term loan, and repay the senior revolving loan and short-term foreign bank loans.

At February 29, 1992, working capital was $40.7 million, an increase of $12.3 million from May 31, 1991, and the ratio of current assets to current liabilities was 2.2 to 1. Total debt of $3.2 million at February 29, 1992 decreased $32.0 million from the balance at May 31, 1991. The Company was able to repay most of its debt with the proceeds from the initial public offering and with cash flow generated from operating activities. At February 29, 1992, the ratio of long-term debt to total capitalization was .03 to 1 and the ratio of total debt to total capitalization plus short-term debt was .04 to 1. At February 29, 1992, the Company had $11.1 million available for additional borrowings under its domestic credit facility and $6.8 million available under its short-term foreign credit facilities.

During the nine months ended February 29, 1992 and February 28, 1991, the Company made capital expenditures of $8.2 million and $2.4 million, respectively. The Company's capital expenditure budget for fiscal 1992 is $13.4 million and approximately $2.9 million was committed at February 29, 1992. The fiscal 1992 capital budget includes approximately $3.0 million for expansion of Smith Meter's Ellerbek, Germany plant and approximately $1.5 million for the consolidation and expansion of Crosby Valve's service and repair facility in Aberdeen, Scotland. Also included are various capital expenditures related to the expansion of the Company's cell manufacturing capability and other manufacturing productivity enhancements. The Company anticipates that its operating cash flows and available lines of credit will be adequate to fund planned capital expenditures and working capital requirements.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

None

B. Reports on Form 8-K

The Company filed no reports on Form 8-K during the quarter ended February 29, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOORCO INTERNATIONAL INC.

Date: April 13, 1992

By: ______________________
David W. Pflegher
Vice President and Controller
(Principal Financial and Accounting
Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

KGL-2260

For the quarter ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number: 2-72849

NGT ENTERPRISES, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	11-2558192
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
111 Bond Street, Westbury, NY	11590
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	334-0303

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Q-Data Corp. - St. Petersburg, FL

None
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x . No ___ .

4,000,000 Common Shares, $.0001 par value were issued and outstanding at June 15, 1992.

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NGT ENTERPRISES, INC.

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NGT ENTERPRISES, INC. AND SUBSIDIARY
BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	September 30, 1991
Current Assets		
Cash	$ 31,501	$ 8,905
Accounts receivable, less allowance for doubtful accounts of $10,000	141,501	116,059
Prepaid expenses and other	28,500	22,784
Total current assets	201,502	147,748
Property and Equipment	309,058	335,802
Other Assets	14,785	13,915
	$ 525,345	$ 497,465

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Current portion of installment equipment obligations	$ 26,800	$ 25,879
Capital lease obligations - officer/stockholder	31,619	29,568
Accounts payable	19,074	40,255
Accrued expenses	32,326	30,808
Income taxes payable	21,244	14,743
Deferred income taxes	34,400	27,900
Total current liabilities	165,463	169,153
Long-Term Debt		
Installment equipment obligations	27,474	22,086
Capital lease obligations - officer/stockholder	21,800	37,306
	49,274	59,392
Deferred Income Taxes	26,000	26,000
Stockholders' Equity		
Common stock, $.0001 par value; 12,000,000 shares authorized; issued and outstanding 4,000,000 shares	400	400
Capital in excess of par	38,100	38,100
Retained earnings	246,108	204,420
Total stockholders' equity	284,608	242,920
	$ 525,345	$ 497,465

See accompanying notes to financial statements

NGT ENTERPRISES, INC. AND SUBSIDIARY

STATEMENTS OF OPERATIONS

	Three Months Ended March 31,		Six Months Ended March 31	
	1992	1991	1992	1991
	(Unaudited)		(Unaudited)	
Revenue				
Limousine service	$ 247,912	$ 229,846	$ 550,461	$ 518,157
Gain (Loss) on sale of limousines	(11,673)	-	(8,673)	-
Other	275	1,378	514	2,151
	236,514	231,224	542,302	520,308
Costs and Expenses				
Salaries	99,145	97,176	195,918	196,066
Operating costs	81,234	78,653	181,539	194,297
Depreciation	25,018	23,775	50,036	47,550
Rent	10,466	10,339	21,364	20,678
General and administrative	11,432	13,931	28,456	25,495
Interest	4,862	6,414	10,301	13,985
	232,157	230,288	487,614	498,071
Income Before Income Taxes	4,357	936	54,688	22,237
Income Taxes	1,000	-	13,000	4,600
Net Income	$ 3,357	$ 936	$ 41,688	$ 17,637
Net Income Per Share	$ - *	$ - *	$ .01	$ - *

*** Less than $.01 per share**

See accompanying notes to financial statements

NGT ENTERPRISES, INC. AND SUBSIDIARY

STATEMENTS OF CASH FLOWS

	Six Months Ended March 31,	
	1992	1991
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 41,688	$ 17,637
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	50,036	47,550
Deferred income taxes	6,500	4,600
Loss on sale of limousines	8,673	-
Changes in operating assets		
(Increase) decrease in:		
Accounts receivable	(25,442)	24,603
Prepaid expenses and other	(6,586)	(6,859)
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,663)	1,829
Income taxes payable	6,502	(4,174)
Net cash provided by operating activities	61,708	85,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(51,226)	(1,500)
Proceeds on sale of property and equipment	19,260	-
Net cash (used by) investing activities	(31,966)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable, stockholder	-	(30,000)
Increase in long-term debt	18,692	-
Payments on long-term debt	(12,383)	(20,023)
Principal payments on capital lease obligations	(13,455)	(11,766)
Net cash provided by (used in) financing activities	(7,146)	(61,789)
NET INCREASE IN CASH	22,595	21,897
CASH - BEGINNING	8,906	42,983
CASH - ENDING	$ 31,501	$ 64,880

See accompanying notes to financial statements

MGT ENTERPRISES, INC. AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - FINANCIAL STATEMENTS

The balance sheet as of March 31, 1992 and the statements of operations for the three and six months ended March 31, 1992 and 1991 and the statements of cash flows for the six months ended March 31, 1992 and 1991 have been prepared by the Company, without audit. In the opinion of management all adjustments (which include only normal recurring adjustments), necessary to present fairly the financial position, results of operations and cash flows as of March 31, 1992 and for all periods presented have been made. The results of operations, for the six months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K, which was filed with the Securities and Exchange Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company's working capital increased to $36,039 at March 31, 1992 from a deficiency of $21,405 at September 30, 1991 and cash increased to $31,501 from $8,905 during the same period. These increases resulted primarily from operations.

The Company believes that it will continue to be able to increase its fleet of vehicles through current working capital and available financing.

There are no material commitments for other capital expenditures or any long-term credit arrangements.

Results of Operations

Revenue from limousine service increased during the six months ended March 31, 1992 by approximately $32,000 from the comparable period of the prior year, and increased during the three months ended March 31, 1992 by approximately $18,000 from the comparable period of the prior year.

Salaries and vehicle operating costs decreased during the six months ended March 31, 1992 by approximately $13,000 from the comparable period in the prior year, and decreased as a percentage of revenues from 75% to 69%. During the three months ended March 31, 1992 these costs increased over the same period in the prior year but decreased as a percentage of revenues from 76% to 73%.

Interest costs decreased due to a decrease in financing activity.

Net income was reduced during the three months ended March 31, 1992 as a result of losses on the sale of limousines of approximately $12,000.

NGT ENTERPRISES, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits - None

(b) During the quarter ended March 31, 1992, no report on Form 8-K was filed or required to be filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NGT ENTERPRISES, INC.

(Registrant)

Dated: June 30, 1992

Jas Ficarra
JAMES FICARRA
President, Chief Executive and
Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 15(d) of
the Securities Exchange Act of 1934

For the quarter ended March 31, 1992

L92-2260

Commission File No. 33-21039

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	51-0307590
State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.

Pointe South Executive Building, 5201 South Mission Road,
Mt. Pleasant, Michigan 48804
(Address of principal executive offices) (zip code)

Registrant's telephone no., including area code: (517) 773-6449

No Change
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Company was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes ___ No. X

(2) Yes X No. ___

Common Stock outstanding at June 15, 1992 - 11,863,338 shares of $.01 par value common stock.

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PART I

ITEM 1 Financial Statements.

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992 have been made.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations.

Background

The Company, together with its wholly-owned subsidiary Inplant Bioremedial Services, Inc. ("Inplant"), are newly formed development stage companies which have been formed to provide environmental services, primarily by developing and marketing bioremediation and enzyme technologies to clean hydrocarbon (petroleum) contaminated soils. The Company employs a proprietary method of bioremediation (the "Biotreat System") for on-site destruction of soil contaminants using biological agents to effect oxidation. Inplant has successfully completed a pilot test program using this system at Camp Pendelton Marine Base in Southern California. The Company also has exclusive licensing rights to develop and market certain additional enzyme technologies utilized for treating contaminated soils.

From inception through the third quarter of 1991, the Company engaged in no operating business other than seeking potential business combinations. As a consequence of the acquisition of North American Environmental Corporation in November, 1991, the business of the Company has changed. Past results of operations, therefore, are not indicative of the results of operations that can be expected in the future. Inasmuch as the Company and Inplant remain in the development stage, management can provide no assurances as to the results of operations in the future.

On or about December 31, 1991, the Company entered into an Agreement (the "Agreement) with Dwight Mott, 490960 Ontario Limited, 559741 Ontario Inc. and Canflow Services Inc. (the "Canflow Shareholders" or the "Canflow Companies"), whereby in exchange for the Company issuing 1,000,000 shares of Common Stock to the Canflow Shareholders, it would acquire all of the outstanding shares of 490960 Ontario Limited, 559741 Ontario Inc. and Canflow Services Inc. During May, 1992, the Company elected to terminate the Agreement and forego acquisition of the Canflow Companies.

In March, 1992, the Company, through its wholly owned subsidiary, Inplant, was awarded a contract by the United States Army Corps of Engineers to perform bioremediation services on approximately 1,100 cubic yards of soil contaminated with fuels and petroleum hydrocarbons at the Los Alamitos Air Force Reserve Center in Los Alamitos, California. The total contract price of the project was $49,296. Work commenced on or about May 7, 1992 and was completed on June 5, 1992.

On March 26, 1992, the Company entered into a Teaming Agreement (the "Agreement") with Chemical Waste Management, Inc. ("Chem Waste"). The terms of the Agreement provide for the Company to be specified as sub-contractor to Chem Waste on a project-by-project basis to perform bioremediation services. It is contemplated that the services to be provided by the Company include will assisting in the preparation of proposals and providing equipment, services and support for each awarded project. To date, however, no project has been identified in which the Company will participate and as contemplated by the Teaming Agreement.

On or about May 22, 1992, the Company, through a newly formed subsidiary, North American Environmental Group of Illinois, Inc. entered into an Agreement with Universal Remediation Services, Inc. ("Universal") relating to the marketing of the Company's environmental services in the State of Illinois. Pursuant to the agreement, Universal will market the Company's technologies, primarily in the State of Illinois, in exchange for the right to receive a share of profits derived by the Company for projects referred to it by Universal and/or in the State of Illinois. In consideration of this venture, Universal provided the Company with an advance of $250,000 in the form of a convertible debenture. The debenture is payable in two years (with payments under the agreement to reduce the outstanding principal balance) unless sooner redeemed or converted by Universal. The debenture is convertible during the second year at Universal's option into shares of the Company's common stock based on the outstanding balance due to Universal divided by the average trading price of Company stock during the ten days preceding conversion. Universal has the right to participate in certain management decisions affecting projects undertaken by the Company's subsidiary.

Results of Operations

Results of operations for the quarter ended March 31, 1992 reflected an operating loss of $442,366, which consisted principally of salaries of $24,999; legal and accounting of $46,927 and miscellaneous expenses which included administration, travel, and fees of $370,440. Until the Company's operations can generate material revenues, if at all, it is expected that material losses will continue to be incurred.

Liquidity and Capital Resources

Prior to the acquisition of North American Environmental Corporation, the Company's only assets consisted of a minimal amount of cash from its initial capitalization less: (i) amounts expended for offering costs and professional fees incurred in connection with the Company's reporting obligations under the Securities Exchange Act of 1934; (ii) expenses incurred in the identification and review of potential business opportunities; and (iii) certain other matters as deemed appropriate by the Company's Board of Directors.

On September 12, 1991, in a private transaction, the Company issued and sold the equivalent of 1,500,000 shares of Common Stock to two Canadian investors for a purchase price of $75,000.

From August 12, 1991 through October 15, 1991, the Company borrowed the sum of $175,000 from a total of nine (9) individuals. The Company provided these individuals with Promissory Notes (the "Promissory Notes") which called for repayment upon demand commencing one (1) year after execution with interest at the rate of ten (10%) percent per annum, paid on a quarterly basis. Subsequently, during the first quarter of 1992, the Company issued 175,000 shares of restricted Common Stock in exchange for cancellation of the Promissory Notes.

During the first quarter of 1992, the company offered and sold 2.5 Units in a private placement for the aggregate sum of $250,000. Each Unit consisted of 33,333 restricted shares of the Company's Common Stock, as well as 33,333 Class C Warrants. Each Warrant entitles the holder to purchase one share of the Company's Common Stock at the exercise price of $7.00 per warrant. The Class C Warrants expire on March 1, 1997.

By virtue of the acquisition of North American Environmental Corporation, the Company has acquired two companies which in the aggregate own assets valued for for financial accounting purposes in excess of $99,999, plus certain valuable technologies, industry goodwill and contract rights. The tangible assets acquired consist of cash, accounts receivable, stock subscriptions receivable and a majority interest in a licensing agreement for the development of a proprietary enzyme technology used in cleaning contaminated soils.

PART II

ITEM 1 Legal Proceedings.

None.

ITEM 2 Changes in Securities.

None.

ITEM 3 Defaults Upon Senior Securities.

None.

ITEM 4 Submission of Matters to a Vote of Security Holders.

None.

ITEM 5 Other Information.

In April, 1992, the Company entered into an investment banking/financial advisory agreement with SPH Investments Corp. ("SPH") whereby SPH will render financial advisory services in order to seek on behalf of the Company a business combination that would facilitate listing the Company's securities on a securities exchange such as the National Association of Securities Dealers Quotation ("NASDAQ") System (the "Transaction"). Upon completion of a transaction, SPH, as compensation, will receive the lesser of (i) 450,000 shares of the Common Stock of the Company or (ii) five (5%) percent of the consideration paid by the Buyer.

The company has been advised that in June, 1992, certain shareholders of the Company executed Preferred Stock Exchange Agreements (the "Agreements") with Mail Boxes Coast to Coast, Inc. ("MBCC"), a publicly traded Delaware Corporation and Daily Mail, Inc., a Delaware Corporation, a wholly owned subsidiary of MBCC (collectively, the "Parties"). The outstanding common stock of MBCC is presently listed on NASDAQ. Pursuant to the Agreements a total of 10,408,333 shares of the Company's Common Stock owned by these shareholders will be exchanged for 62,337 shares of Series B $3.50 Convertible Preferred Stock of Daily Mail, Inc. upon the closing thereof. Closing is contingent upon the completion of certain additional due diligence. Upon closing of the Agreements, MBCC will own in excess of ninety (90%) percent of the Company's Common Stock. Closing on the Agreements is schedule to be completed by mid-June, 1992 and although the Parties believe Closing will occur, there can be no assurances to that effect.

The securities of MBCC are presently listed on NASDAQ. MBCC has been informed, however, that its listing application is under review in order to determine whether the company has satisfied, and by virtue of this transaction continues to satisfy the appropriate NASDAQ listing standards. Until such review is completed, there can be no assurances that MBCC will retain its NASDAQ listing.

ITEM 6. Exhibits and Reports on Form 8-K.

(a) (i) Marketing Agreement between North American Environmental Group of Illinois, Inc. and Universal Remediation Services, Inc.

(ii) Investment Advisory Agreement between the Company and SPH Investments Corp.

(b) None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: /30/92

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.

BY:
President

Chief Accounting Officer

North American Environmental Group, Inc.
(a development stage enterprise)

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NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(a development state enterprise)

Condensed Consolidated Financial Statements

For The Three Month Periods Ended
March 31, 1992 and 1991

SHOEMAKER AND WILSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
POINTE SOUTH EXECUTIVE BUILDING
P.O. BOX 444
5201 S. MISSION
MT. PLEASANT, MICHIGAN 48804-0444
(517) 773-6449

To The Board of Directors
North American Environmental Group, Inc.
(a development stage enterprise)
Mt. Pleasant, Michigan

We have compiled the accompanying condensed consolidated balance sheet of North American Environmental Group, Inc., and subsidiaries, (a development stage enterprise) as of March 31, 1992 and the related condensed consolidated statement of operations and deficit accumulated during the development stage and cash flows for the three-month periods ended March 31, 1992 and 1991, and the period from inception (February 18, 1988) through March 31, 1992, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of December 31, 1991, and the related consolidated statements of operations and deficit accumulated during the development stage, and cash flows for the year then ended (not presented herein); and in our report dated April 14, 1992, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1991 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Shoemaker & Wilson P.C.

Shoemaker & Wilson, P.C.
Certified Public Accountants

June 15, 1992

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(a development stage enterprise)
Condensed Consolidated Balance Sheet

	(Unaudited) March 31, 1992	December 31, 1991
Assets		
Cash	$ 83,107	$ 78,882
Accrued Interest Receivable	1,500	1,200
Stock Subscriptions Receivable	10,000	60,000
Advances to Related Parties	12,000	54,500
Total Assets	$ 106,607	$ 194,582
Liabilities and Stockholders' Equity (Deficiency)		
Liabilities		
Notes and Advances Payable -Related Parties	$ 186,703	$ 84,668
Notes Payable	—	175,000
Accrued Interest	4,464	10,236
Accounts Payable	81,183	78,956
	272,350	348,860
Minority Interest	239	254
Excess of Subsidiary Interest Over Cost	4,884	5,055
Stockholders' Equity (Deficiency)		
Preferred Stock, 1,000,000 Shares, $.001 Par Value, None Issued		
Common Shares, $.01 Par Value, 20,000,000 Shares Authorized, 11,688,338 Shares Issued and Outstanding	116,884	114,300
Additional Paid In Capital	464,216	41,800
Deficit Accumulated During Development Stage	(751,966)	(315,687)
Net Stockholders' Equity (Deficiency)	(170,866)	(159,587)
Total Liabilities and Stockholders' Equity	$ 106,607	$ 194,582

See accompanying notes to condensed consolidated financial statements

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(a development stage enterprise)
Condensed Consolidated Statement Of Operations

	Three Months Ended March 31,		Cumulative from Inception (February 18, 1988) Thru March 31,
	1992	1991	1992
Operating Income	$ —	$ —	$ 124,276
Operating Expenses	442,366	299	846,105
Net Operating Expenses	(442,366)	(299)	(721,829)
Other Income (Expense)	6,072	—	7,272
Write-Off of Prepaid Offering Costs	—	—	(37,854)
Minority Interest in Operating Expenses of Subsidiary	15	18	445
Net Loss	$ (436,279)	$ (281)	$ (751,966)
Net Loss Per Share	$ .0375	$ —	$ .4461

See accompanying notes to condensed consolidated financial statements

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(a development stage enterprise)
Condensed Consolidated Statement of Cash Flows

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991	Cumulative from Inception (February 18, 1988) Thru March 31, 1992
Cash Flows From Operating Activities	$ (390,310)	$ (2,249)	$ (647,914)
Cash Flows From Investing Activities:			
Advances to Related Parties	42,500	–	(12,000)
Cash Flows From Financing Activities:			
Investment By Minority Stockholders	–	–	7,500
Proceeds From Notes Payable	–	–	190,000
Advances From Related Parties	102,035	–	171,703
Issuance of Common Stock	425,000	–	581,100
Prepaid Offering Costs	–	–	(32,282)
Payment of Notes Payable	(175,000)	–	(175,000)
	352,035	–	743,021
Net Increase (Decrease) in Cash	4,225	(2,249)	83,107
Cash at Beginning of Period	78,882	3,593	–
Cash at End of Period	$ 83,107	$ 1,344	$ 83,107

See accompanying notes to condensed consolidated financial statements

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.
(a development stage enterprise)
Notes to Condensed Consolidated Financial Statements
March 31, 1992

1. Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

2. Shoemaker & Wilson P.C., the Company's auditors, has performed a compilation of the financial information included herein. Their report on such compilation accompanies this filing.

3. Subsequent Events

On or about May 22, 1992, the Company, through a newly-formed subsidiary, North American Environmental Group of Illinois, Inc., entered into an agreement with Universal Remediation Services, Inc. ("Universal") relating to the marketing of the Company's environmental services in the State of Illinois. Pursuant to the agreement, Universal will market the Company's technologies, primarily in the State of Illinois, in exchange for the right to receive a share of the profits derived by the Company from projects referred to it by Universal and/or in the State of Illinois. In consideration of this venture, Universal provided the Company with an advance of $250,000 in the form of a convertible debenture. The debenture is payable in two years (with payments under the agreement to reduce the outstanding balance) unless sooner redeemed or converted by Universal. The debenture is convertible during the second year at Universal's option into shares of the Company's common stock based upon the outstanding balance due to Universal divided by the average trading price of the Company's common stock during the ten days preceding conversion. Universal has the right to participate in certain management decisions affecting projects undertaken by the Company's subsidiary.

SPH INVESTMENTS, INC.
1411 WALNUT STREET
SUITE 300
PHILADELPHIA, PA 19107

April 20, 1992

North American Environmental Group, Inc.
5201 South Mission
Mount Pleasant, Michigan 48858

ATTENTION: President

Gentlemen:

The purpose of this letter is to confirm the engagement of SPH Investments, Inc. ("SPH") by North American Environmental Group, Inc. (the "Company") to render financial advisory and investment banking services to the Company in connection with the possible sale of the Company or an interest in the Company to a corporation (the "Buyer") whose securities are listed on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), which transaction might take the form of a merger of the Company with, or a sale of all or a substantial portion of its assets or more than 10% of its equity securities to, or an exchange of equity securities by holders of a majority of its outstanding equity securities with, a Buyer (a "Transaction") .

SPH will perform such of the following financial advisory and investment banking services as the Company may reasonably request:

(a) SPH will familiarize itself to the extent it deems appropriate and feasible with the business, operations, assets, liabilities, financial condition and prospects of the Company and any prospective Buyer, it being understood that SPH shall, in the course of such familiarization, rely entirely upon publicly available information and such other information as may be supplied by the Company or such Buyer, without independent investigation;

(b) SPH will advise and assist the Board of Directors of the Company (the "Board") in considering any proposed Transaction;

(c) SPH will advise and assist the Board in the course of its negotiation of any proposed Transaction; and

(d) SPH will render such other financial advisory and investment banking services as may from time to time be

The Company shall pay to SPH for its services hereunder a fee equal to the lesser of (i) 450,000 shares of Common Stock of the Company or (ii) five percent of the consideration paid by the Buyer, in each case contingent upon the consummation of a Transaction and, except as otherwise provided, payable at the closing thereof or soon thereafter as practicable.

SPH's engagement hereunder may be terminated by the Company or SPH at any time upon written notice to that effect to the other party; provided, however, that SPH will be entitled to its full fee in the event that any time prior to the expiration of two years after such termination a Transaction is consummated involving a Buyer as to whom SPH had advised the Company or a Buyer that SPH had proposed, or with whom the Board (acting on behalf of the Company) had held discussions regarding a Transaction during the term of SPH's engagement hereunder.

Please confirm that the foregoing is in accordance with your understanding and agreement with SPH by signing and returning to SPH a duplicate of the letter enclosed herewith.

Very truly yours,

SPH Investments, Inc.

By: ______________________
Stephen P. Harrington
President

Agreed and accepted

NORTH AMERICAN ENVIRONMENTAL GROUP, INC.

CEO
By: THOM E ROBINSON, CEO

AGREEMENT

AGREEMENT dated as of May 22, 1992 by and between North American Environmental Group of Illinois, Inc., a Delaware corporation with offices at 5201 South Mission, Mount Pleasant, Michigan 48858 ("Sub"), and Universal Remediation Services, Inc., an Illinois corporation with offices c/o Anthony B. Ferraro, Esq., Fulton and Jefferson Building, Suite 300, Chicago, Illinois 60661 ("Newco") and consented to by North American Environmental Group, Inc., a Delaware corporation ("NAE"), North American Technologies, Inc., a corporation incorporated in the Province of Alberta, Canada ("NAT"), and Gold Spinners International, Inc., a Michigan corporation ("GSI"). NAE, NAT and GSI all have offices at 5201 South Mission, Mount Pleasant, Michigan 48858.

BACKGROUND

NAE is a development-stage company which is licensed to use and which markets certain technologies that are effective in cleaning contaminated soils and in the remediation of certain hazardous and non-hazardous contaminated wastes (the "Business"). Sub is a wholly-owned subsidiary of NAE which has a revocable license from NAE to use and market the "Environmental Technologies" more particularly described in Section 2.1 hereof during the term of this Agreement. Newco has certain contacts and a business presence in the State of Illinois through which it desires to market the Environmental Technologies. NAE has established Sub for the sole and exclusive purpose of forming a venture (the "Venture") with Newco pursuant to which Sub will conduct the Business in the Territory (herein defined) and all Business referred to it by Newco. Accordingly, the parties desire to enter into this Agreement relating to the marketing and utilization of the Environmental Technologies and the conduct of the Venture formed hereby.

NAT is the majority shareholder of NAE. In consideration of Newco entering into this Agreement, Newco has requested that NAT guarantee Sub's obligations to repay the Debenture (herein defined).

NAT has executed a letter of intent with Mail Boxes Coast-to-Coast, Inc., a Delaware corporation whose shares are publicly traded on the NASDAQ system ("MBCC"). Pursuant to the letter of intent, NAT proposes to sell substantially all of its operating assets to MBCC in return for shares of MBCC which will be then distributed to NAT's shareholders. MBCC will be renamed North American Technologies, Inc. following consummation of the transactions contemplated by the letter of intent. Assuming the transactions contemplated by the letter of intent, shares of "new" NAT will be publicly traded on the NASDAQ system.

1.8 "NAT" shall mean North American Technologies, Inc., an Alberta, Canada corporation, and its successors in interest and assigns of substantially all its assets.

1.9 "Net Profits" shall be defined for purposes of this Agreement according to the following calculation:

1.9.1 Net Profits shall be calculated by deducting Operating Costs and Expenses from Gross Revenues.

1.9.2 "Gross Revenues" means and refers to the gross revenues received by Sub in any form or manner from the Venture.

1.9.3 "Operating Costs and Expenses" means all non-capital costs and expenses incurred by Sub in the conduct of the Venture excluding interest and amounts deductible under Federal income tax law as depreciation and amortization of items, and depletion costs or deductions. Operating Costs and Expenses shall include, but are not limited to, all of the following items paid or incurred by Sub, calculated in accordance with generally accepted accounting principles and procedures consistently applied:

(a) The cost of all direct labor and personnel used in operations hereunder, including costs of direct supervisory personnel who will be charged with the duty of supervising work;

(b) The cost of unemployment insurance and insurance payments as required by law, including the Federal Insurance Contribution Act, Workmen's Compensation Insurance, and Occupational Disease and Disability Insurance;

(c) The cost of all consumed materials and supplies purchased and rental charges for machinery and equipment leased;

(d) The pro-rata cost of all personal property used in connection with operations hereunder, when such personal property has a useful life of not more than one year;

(e) The cost of maintenance and repair of all buildings, fixtures, improvements, installations, machinery, and equipment (surface or subsurface) used by or in connection with the Venture by the Sub;

(f) The cost of all electricity, water and all other utilities used in connection with the Venture;

(g) The cost of research, investigation, Marketing, (as defined in subparagraph (h) below) sampling, analysis, soil drilling and testing;

(h) The costs of "Marketing" that shall be deductible hereunder shall be limited to the reasonable and necessary costs of selling Environmental Applications through unrelated third parties. In addition, the Sub may also deduct or reimburse reasonable and verifiable Marketing expenses related to efforts of its own employees and consultants and those of Newco and Parent.

Sub shall also be entitled to deduct and/or reimburse any commissions paid to unrelated third parties in connection with the procurement of work under this Agreement, so long as such commissions do not exceed the greater of (x) seven and one-half percent (7.5%) of the net revenue or (y) two and one-half percent (2.5%) of the gross revenue from the particular job or project.

(i) The cost of all liability insurance premiums or payments;

(j) The cost of all audits, taxes and assessments, whether now or hereafter provided by law, including but not restricted to net proceeds taxes, severance taxes, general property taxes, and other taxes;

(k) The costs of any services performed by unrelated third parties under contract with Sub;

(l) All costs of transportation of materials and refined products;

(m) All license fees and costs payable with respect to utilization of the Environmental Technologies;

(n) All administrative, accounting and legal fees relating to the operation and administration of the Venture;

(o) Any and all other mutually agreeable reasonable costs and expenses incurred by the Venture.

1.10 "Newco" shall mean Universal Remediation Services, Inc., an Illinois corporation.

1.11 "Parent" shall mean North American Environmental Group, Inc., a Delaware corporation, together with its parent corporation, North American Technologies, Inc. ("NAT") and all subsidiaries of NAT.

1.12 "Second Convertible Debenture" shall have the meaning set forth in Section 3.2.

1.13 "Sub" shall mean North American Environmental Group of Illinois, Inc., a Delaware corporation.

1.14 "Territory" shall mean the State of Illinois; provided, however, that upon issuance of the Second Convertible Debenture, "Territory" shall mean the States of Indiana and Illinois.

1.15 "Venture" shall mean the marketing and utilization of the Environmental Applications pursuant to this Agreement by Sub and Newco.

Section 2 - Contributions

2.1 Contribution by Sub. In consideration of entering the Venture with Newco, Sub shall use its best efforts to employ the Environmental Technologies, which shall consist of the licensed mechanical enzyme technology, known as the ENVIROZME SYSTEM^{TM}, and the licensed bioremediation technologies, known as the BIOTREAT SYSTEM^{TM}, on a commercial basis within the Territory and outside of the Territory. Sub has obtained from Parent a revocable license to use the Environmental Technologies for the sole purpose of the

Venture. Sub and Parent agree to maintain said license for the term of this Agreement. Sub shall also provide technical assistance with respect to the utilization of the Environmental Technologies in the event that a subcontractor (including Newco) is chosen to operate any job under this Agreement. The proprietary systems, such as the chemicals used in the Environmental Technologies shall, at Sub's option, remain under the physical possession and control of Sub's or Parent's employees, who shall cooperate with the Venture in the commercial utilization of those processes on any jobs performed under this Agreement. The contribution of the Environmental Technologies and provision of technical assistance by Parent and Sub hereunder shall be done at their actual costs.

2.2 Contribution by Newco. Newco shall be entitled to enter into this Agreement and participate in the Venture by advancing to Sub (or, at Sub's option, to Parent) the sum of Two Hundred Fifty Thousand Dollars ($250,000) for which Sub shall issue. the Debenture.

Section 3 - Convertible Debenture

3.1 Convertible Debenture. Simultaneously with execution of this Agreement, Newco shall advance $250,000 to Sub and Sub shall issue to Newco a Debenture in the form attached as

Exhibit A to this Agreement, the terms and conditions of which are incorporated herein by reference.

3.2 Second Convertible Debenture. In the event that Newco desires to extend the Territory, as defined herein, to include the State of Indiana at any time during the first 12 months of this Agreement, Newco shall have the right to advance to Sub an additional $250,000 for which Sub will issue a second convertible debenture, upon substantially identical terms and conditions to the Debenture (the "Second Convertible Debenture"). Upon issuance of the Second Convertible Debenture, the definition of "Territory" for purposes of this Agreement shall mean the States of Illinois and Indiana.

Section 4 - Division of Net Profits

4.1 Division of Net Profits. The Net Profits received by Sub from the commercial application of the Environmental Applications shall be divided as follows during the term of this Agreement:

(a) To the extent Net Profits are generated through projects, contracts or other business opportunities undertaken by Sub within the Territory (as defined at the time a job is secured) as a direct result of referrals by Newco, Net Profits shall be divided fifty percent (50%) to Sub and fifty percent (50%) to Newco.

(b) To the extent Net Profits are generated through projects, contracts or other business opportunities undertaken by Sub outside the Territory (as defined at the time a job is secured) as a direct result of referrals by Newco, Newco shall receive the greater of two percent (2%) of the Gross Revenues or ten percent (10%) of Net Profits received from the particular opportunity.

(c) To the extent Net Profits are generated through projects, contracts or other business opportunities undertaken by Sub within the Territory (as defined at the time a job is secured) as a result of referrals obtained by parties other than Newco (including Sub and Parent), Newco shall receive the greater of two percent (2%) of Gross Revenues or ten percent (10%) of Net Profits received from the particular opportunity.

4.2 Payments. Payments under Section 4.1 shall be made within 30 days following the end of each of Sub's fiscal quarters and shall be accompanied by a statement showing the calculation of Gross Revenues and Net Profits and such other information and in such detail as the Management Committee shall determine.

Section 5 - Management

5.1 Management Committee. Immediately upon execution of this Agreement, the parties shall form a Management Committee, which committee will oversee the operations of the Venture. Sub and Newco shall each appoint an equal number of representatives to the Management Committee and those representatives shall agree on one outside member who shall act as an arbitrator in the event that the parties cannot agree on matters brought to the Management Committee. Initially, each party shall appoint two representatives to the Management Committee. For purposes of making decisions, a majority of members of the Management Committee must be present at a meeting (whether in person or by telephone), and the decision of a majority of members of the Management Committee present at a meeting shall control. The Management Committee and Newco (or their duly appointed representatives) may develop other rules and procedures for the organization and conduct of its meetings if it deems necessary. The Management Committee and Newco (or their duly-appointed representatives) shall have the right to inspect the books and records of Sub pertaining to the Venture and to review the calculations of Gross Revenues and Net Profits.

5.2 Conflict of Interest. The parties hereby undertake to use their best efforts to act at all times in the best interest of the Venture. Whenever Sub, Newco, or one of its officers, directors, shareholders or affiliates, or any member of the Management Committee, has, directly or indirectly, any interest or duty which conflicts or may conflict with the interest of the Venture, it shall forthwith disclose the same to the Management Committee in writing.

Section 6 - Nondisclosure

6.1 Newco acknowledges that the Environmental Technologies are proprietary and the licensed property of Parent and Sub. Newco further recognizes that in the course of performance of this Agreement, it may become aware of certain information comprising the proprietary property, trade secrets and confidential information of Sub and Parent. Newco agrees that it shall not divulge or communicate to any other person any of the proprietary information, trade secrets or confidential information relating to the Environmental Technologies and/or the technical processes utilized by Sub and Parent. This covenant of nondisclosure shall survive termination of this Agreement. The foregoing covenant shall not apply to any information which is generally available from sources outside of Sub or Parent and is in the public domain. Newco agrees to execute and deliver to Sub and Parent a Nondisclosure Agreement in the form attached as Exhibit B.

Section 7 - Operation of the Venture

7.1 Operations. All operations of the Venture shall be conducted by Sub under the guidance of the Management Committee; provided, however, that Sub may, at the Management Committee's direction, subcontract operations to be conducted by Newco, Parent or a third-party operator. All revenues and expenses of operations of the Venture shall be collected and paid by Sub.

7.2 Equipment and Technical Systems. In the event that any operations of the Venture are performed by an entity other than Sub pursuant to subcontract, Sub shall provide technical assistance as provided in Section 2.1. To that end, Sub may authorize a subcontractor the right to utilize Sub's Equipment and Technical Systems to the extent authorized by the Management Committee. Following the completion of any job in which a subcontractor is engaged as an operator, Sub shall have the right to order the return of any of its materials used in such job, including equipment and chemical solutions. Sub agrees to use its best efforts to make such equipment and chemical solutions available to a subcontractor as soon as possible following notification of the start date of any job.

7.3 Risk of Loss. Unless otherwise determined by the Management Committee, Sub shall operate all jobs of the Venture.

A.G.

If another entity is selected to subcontract the work (including Newco and Parent), such entity shall bear all risk of loss for any equipment, chemicals, technical information and the like which may be in its possession at any time under the Agreement. All operators shall be required to maintain adequate insurance and performance and completion bonds to protect against the risk of loss, in such amounts as Sub may reasonably request to adequately secure Sub's property. Newco agrees that it shall not mortgage, pledge, encumber, or endanger any of Sub's or Parent's property contributed under this Agreement.

7.4 Standard of Care. - The Venture shall maintain an acceptable standard of operation and shall perform all services in a good and workmanlike manner, in compliance with all applicable laws, rules and regulations, and shall obtain any necessary operating permits required to perform work hereunder.

7.5 Ideas and Inventions. The parties will benefit on an equal basis on all ideas and inventions which are generated through the Venture; provided, however, that this shall not apply to any refinements or adaptations on ideas and/or inventions that existed prior to the date of this Agreement.

Section 8 - Representations and Warranties

8.1 License. Parent and Sub, jointly and severally, represent and warrant that they are duly authorized and licensed to utilize the Environmental Technologies as provided herein and shall maintain the revocable license in favor of Sub to use the Environmental Technologies during the term of this Agreement.

8.2 Business of Sub. Parent and Sub represent and warrant that Sub has been incorporated for the sole purpose of entering the Venture, and shall engage solely in the business of the Venture and only with respect to jobs either secured by efforts of Newco or within the Territory.

Section 9 - Term and Termination

9.1 This Agreement shall terminate upon the happening of any of the following events:

(a) Newco shall redeem the Debenture pursuant to Section 1(b) thereof.

(b) Newco shall exercise its conversion right under Section 5(b) of the Debenture.

Section 10 - Other Territories

10.1 Newco Right of First Refusal. In the event that Sub or Parent receives a bona fide offer from any third party for the exclusive rights to market or utilize the Enzyme Technologies in any other state within the United States, Newco shall have a right of first refusal to obtain such rights. Sub and/or Parent shall notify Newco of the existence of any third party offer within five days of receipt of said offer, and Newco may exercise its right of first refusal by giving written notice to Sub and paying the same consideration offered by the third party within 20 days following Sub's or Parent's receipt of the third-party offer. In the event that Newco fails to exercise this right of first refusal within the time period set forth herein or notifies Sub that it will not exercise its right, such right of first refusal shall cease and Sub or Parent shall be free to convey such rights to any third party upon the terms and conditions contained in the original offer. This right of first refusal applies only to offers made by third-parties for exclusive rights to market or utilize the Enzyme Technologies on an exclusive basis within one or more territories, similar to the rights Newco has acquired under this Agreement.

10.2 Indiana. In order to provide Newco with adequate opportunity to purchase the Second Convertible Debenture if desired, Sub agrees, during the first 12 months of this Agreement, to give Newco prior notice of any job utilizing the Enzyme Technologies which Sub or Parent propose to undertake in the State of Indiana.

Section 11 - Remedies

11.1 Remedies. The parties acknowledge that a breach of this Agreement (including a breach of Newco's covenant in Section 6.1) may cause substantial injury to Sub and/or Parent or Newco which may be irreparable and/or in amounts difficult or impossible to ascertain. Accordingly, the parties agree that in the event of any breach of the material terms of this Agreement, the parties shall have, in addition to all other remedies, the right to injunctive and other equitable relief.

Section 12 - NAT and GSI Guarantee

12.1 Guarantee of Debenture. In consideration of Newco entering into this Agreement for the benefit of Sub and Parent, NAT and GSI, jointly and severally, hereby guarantee Newco the repayment of the Debenture pursuant to the repayment terms set forth in Section 1 thereof. NAT's and GSI's guarantee is limited to repayment of the Debenture at maturity or pursuant to redemption under Section 1(b) of the Debenture.

Section 13 - Agreements of GSI

13.1 Stock Ownership of NAT. GSI represents and warrants to Newco that it is the record and beneficial owner of such number of shares of common stock of NAT to enable GSI to perform its agreements herein.

13.2 Options to Purchase NAT Stock. GSI hereby grants Newco the option to purchase (a) 200,000 shares of NAT common stock at $7.00 per share, exercisable within 12 months from the date of this Agreement, and (b) 200,000 shares of NAT common stock at $11.00 per share exercisable at any time within 18 months from the date of this Agreement (the "Options"). The Options may not be transferred and may only be exercised by Newco. The Options shall be exercised by written notice to GSI stating the number of shares with respect to which it is being exercised and accompanied by payment of the full amount of the option price of the number of shares desired by a check payable to the order of GSI. The exercise date of an Option shall be the date upon which the notice of exercise is received by GSI with full payment of the exercise price. The Options granted hereunder shall remain in full force and effect for the terms stated herein, regardless of any earlier termination of this Agreement under Section 9.

13.3 Agreement to Exchange NAT Stock for NAE Stock. Pursuant to the Debenture, Newco has the right under Section 5 to convert the Debenture into shares of stock of NAE. While the parties contemplate at the date of this Agreement that the shares of NAE will subsequently become exchangeable into shares of NAT by virtue of merger and will be then publicly traded on the NASDAQ system, in the event that such NAE shares owned by Newco have not been exchanged or are not exchangeable into shares of NAT, then GSI agrees to transfer shares of NAT to Newco in exchange for shares of NAE upon the following terms: in exchange for all shares of NAE owned by Newco as a result of conversion of the Debenture under Section 5 of the Debenture, GSI shall transfer to Newco such number of shares of NAT Stock as would have been issuable to Newco under Section 5(a) of the Debenture if the Debenture had provided for conversion into shares of NAT stock determined as of the date on which Newco converts its stock into shares of NAE.

Section 14 - Miscellaneous

14.1 Further Assurances. Each of the parties agrees to take such action and execute and deliver such additional documents as may be reasonably necessary or appropriate to effectuate the terms of this Agreement.

14.2 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without giving effect to the principles of conflicts of law.

14.3 Notices. All notices, consents and other communications required or permitted under this Agreement shall be in writing, and shall be (a) delivered personally, (b) mailed by first class certified mail, postage prepaid, return receipt requested, or (c) sent by a nationally-recognized express courier service, postage or delivery charges prepaid, to the parties at their respective addresses as stated on the first page of this Agreement or in any supplement attached hereto. Notices to any corporate party shall be given to the attention of its President. Notices may also be given by prepaid telegram or facsimile and shall be effective on the date transmitted if confirmed within 24 hours thereafter by a signed original sent in the manner provided in the preceding sentence. Any party may change its address for notices by giving notice of a new address to each other party in accordance with this Section.

14.4 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to its subject matter and supersedes all earlier and contemporaneous oral and written communications and agreements with respect to the same

R.K.

subject matter. This Agreement shall not be amended except in a written document signed by all of the parties.

14.5 Binding Agreement. This Agreement shall bind, benefit and be enforceable by or against the parties, their successors and assigns.

14.6 Execution. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof. The parties may execute facsimiles of this Agreement and such will be considered as having the same effect as an original document. Original copies of this Agreement will also be circulated for signatures by the parties.

14.7 References. All words used in this Agreement shall be construed to be of such number and gender as the context requires or permits. Unless a particular context clearly provides otherwise, the words "hereof" and "hereunder" and similar references refer to this Agreement in its entirety and not to any specific section or subsection. For purposes of this Agreement, "including" means "including without limitation."

14.8 No Waiver. No waiver with respect to this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought. No failure to exercise, delay in exercising, or single or partial exercise of any right, power or remedy by any party, and no course of dealing between or among any of the parties, shall constitute a waiver of, or shall preclude any other or further exercise of, any right, power or remedy.

14.9 Severability. If any portion of any provision of this Agreement or its application is construed to be invalid, illegal or unenforceable, then the other provisions and their applications shall not be affected thereby and shall be enforceable without regard thereto.

14.10 Required Approvals. Each of the parties represents and warrants that it has obtained all necessary and required approvals to enter into and perform this Agreement, and this Agreement has been approved by appropriate action of its Board of Directors.

14.11 Headings. The Section and paragraph headings of this Agreement are for convenience of reference only and do not form a part of the terms, conditions and covenants of this Agreement or give full notice thereof, and therefore shall not be

[Signature page continued]

NORTH AMERICAN TECHNOLOGIES, INC.

By: CEO
Executive Officer

GOLD SPINNERS INTERNATIONAL, INC.

By:______________________________
Executive Officer

Exhibit A - Debenture
Exhibit B - Nondisclosure Agreement

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FORM 10-Q

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1242

MCR 2260

* C-1866 *

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended February 29, 1992

Commission File Number 33-7057-NY

NTN CANADA, INC.
(Exact name of registrant as specified in its charter)

NEW YORK
(State or other jurisdiction of incorporation or organization

11-2805051
(I.R.S. Employer Identification Number

5255 de Sorel Street
Montreal, Quebec
(Address of principal executive Offices)

H4P 1G8
(Zip Code)

(514) 739-7898
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The issuer has outstanding one class of common stock. As of the close of the period covered by this report, there were 3,402,400 common shares outstanding.

L3Q

PROCESSED BY
APR 15 1992

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BEST COPY AVAILABLE

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Index to Financial Statements

Consolidated Balance Sheets as at February 29, 1992 and August 31, 1991.

Consolidated Statements of Operations and Income for the six month periods ended February 29, 1992 and 1991.

Consolidated Statements of Operations and Income for the three month periods ended February 29, 1992 and 1991.

Consolidated Statements of Cash Flows for the six month periods ended February 29, 1992 and 1991.

The financial information for the six month periods ended February 29, 1992 and 1991 and the three month periods ended February 29, 1992 and 1991 are unaudited, but in the opinion of management contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial information shown therein.

Reference is made to the Company's Form 10-K Annual Report for the fiscal year ended August 31, 1991 for additional Notes to Financial Statements.

NTN CANADA INC
Consolidated Balance Sheet
As of February 29, 1992
(Expressed in Canadian Dollars - Unaudited)

	February 29 1992	August 31 1991
ASSETS:		
Current Assets:		
- Cash	156,833	261,599
- Accounts Receivable	528,268	468,177
- Notes Receivable	47,858	10,093
- Inventory	536,930	648,875
- Prepaid Expenses	44,854	54,772
- Short Term Investments	1,113,672	999,646
- Net Investment in Leases	32,982	38,477
Total Current Assets:	2,461,397	2,481,639
Long Term Assets:		
- Loans to Shareholders	58,701	-
- Long Term Investment	-	25,000
- Property & Equipment	97,251	101,152
- Net Investment in Leases	-	28,295
- License Fee	293,800	300,050
- Deferred Income Taxes	7,500	7,500
- Goodwill on Acquisition	248,557	255,759
Total Long Term Assets:	705,809	717,756
Total Assets:	3,167,206	3,199,395
LIABILITIES:		
Current Liabilities:		
- Bank Loan	997,557	1,101,141
- Accounts Payable & Accrued Liabilities	336,091	197,448
- Accrued Liabilities - Shareholder	-	77,906
- Commissions Payable - Trade	-	16,100
- Deferred Income	6,029	6,029
- Provision for Income Taxes	25,157	36,134
Total Liabilities:	1,364,834	1,434,758
SHAREHOLDER'S EQUITY:		
Share Capital:		
- Preferred Stock	11,523	11,523
- Common Stock	43,933	43,933
- Capital in Excess of Par Value	1,625,363	1,625,363
- Surplus	121,553	83,818
Total Share Capital:	1,802,372	1,764,637
Total Liability & Share Capital:	3,167,206	2,571,992

NTN CANADA INC

Consolidated Statement of Operations and Income
Six (6) Month Period Ending Feb 29, 1992 and Feb 28, 1991
(Expressed in Canadian Dollars - unaudited)

	February 29, 1992	February 28, 1991
Total Revenues:	1,442,542	1,040,668
Direct Costs:	622,778	626,401
Gross Profit:	819,764	414,267
Selling, General & Administrative Expenses:	756,872	345,055
Income Before Income Taxes:	62,892	69,213
Provision for Income Taxes:	25,157	27,685
Net Income:	37,735	41,528
Earnings Per Common Share:	Nil	Nil

NTN CANADA INC

Consolidated Statement of Operations and Income
Three (3) Month Period Ended February 29, 1992 and February 28, 1991
(Expressed in Canadian Dollars - Unaudited)

	February 29, 1992	February 28, 1991
Total Revenues:	790,961	524,165
Direct Costs:	357,818	274,001
Gross Profits:	433,143	250,164
Selling, General & Administrative Expenses:	392,071	209,709
Income Before Income Taxes	41,072	40,455
Provision for Income Taxes	16,429	16,182
Net Income:	24,643	24,273
Earning Per Common Share:	Nil	Nil

NTN CANADA INC
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	February 29, 1992	February 28, 1991
Cash Flows From Operating Activities:		
- Cash Received From Customers	1,284,970	1,006,621
- Cash Paid to Suppliers, Employees & Directors	(1,264,565)	(1,146,124)
Net Cash Flows (Used for) Provided by Operating Activities	20,405	139,503
Cash Flows From Investment Activities:		
- Purchases of Equipment	-	(17,453)
- Net Investment in Leases	21,432	20,332
Net Cash Flows (Used for) Provided by Investment Activities	21,432	2,879
Cash Flows From Financing Activities:		
- Proceeds from Sale of Securities	71,008	-
INCREASE/(DECREASE) IN CASH	112,845	(136,624)
Cash, Beginning of Year	160,104	274,823
Cash, End of Period	272,949	138,199
For the Purposes of this Statement, "Cash" Comprises:		
- Cash	156,833	1,016,033
- Term Deposits	1,113,672	-
- Bank Demand Loans	(997,557)	(877,834)
	272,949	138,199

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

The financial statements of the Company, as well as the information contained in this analysis, include the financial statements, and information concerning operations, with respect to its wholly owned subsidiary, Petrie Group Management, Inc. ("Petrie") which was acquired by the Company effective March 1, 1991, and Petrie's wholly owned subsidiary, NTN Creative Marketing, Inc. ("Creative").

The financial statements of the Company are expressed in Canadian Dollars. The information contained in this analysis is expressed in both Canadian and United States Dollars, the conversion ratio being US$ .85 to each Cn$1.00.

Results of Operations

During the six months ended February 29, 1992, the Company's gross revenues increased Cn$401,874 (US$341,593) or 39% from the same period in 1991. The increase resulted in part from special corporate programs produced by Creative, as well as broadcast and maintenance services provided by the Company which are described below. Direct costs decreased Cn$3,623 (US$3,080), or 1% from the same period in 1991, reflecting the fact that revenues derived from the existing activities of Creative carry minimal, if any, direct costs. Gross profit increased Cn$405,497 (US$344,672), or 98% from the same period in 1991. Selling, general and administrative expenses increased Cn$411,817 (US$350,044), or 119% from the same period in 1991. There were significant increases in salaries, employee benefits and rent resulting in part from the acquisition of Petrie and Creative. As a result, income before income taxes declined slightly from Cn$69,213 (US$58,831) to Cn$62,892 (US$53,458), and net income declined slightly from Cn$41,578 (US$35,341) to Cn$37,735 (US$32,075), from the same period in 1991. Earnings per share were nil for both periods.

During the three months ended February 29, 1992, the Company's gross revenue increased by Cn$266,796 (US$226,777), or 51%, from the same period in 1991, resulting from the additional operations of Creative, and continued broadcasting and maintenance services provided by the Company. Direct costs increased Cn$83,817 (US$71,244), or 31% from the same period in 1991. The increase was due in part to added costs of new services developed by Creative.

As a result, gross profit showed an increase of 73% from the same period in 1991, to Cn$433,143 (US$368,172). Selling, general and administrative expenses increased 87% from the same period in 1991, to Cn$392,071 (US$368,172), reflecting the increased overhead of the combined Company. During the three months ended February 29, 1992, income before income taxes remained essentially the same at Cn$41,072 (US$34,911), and Net Income remained essentially the same at Cn$24,643 (US$20,947), compared to the same period in 1991.

The Company expects that the signing of agreements to provide services to new corporate clients will result in expanded operations and increased revenues for the period in which the services are provided. The services are not utilized by corporate clients on a continuous basis but may be renewed periodically. New services utilizing interactive training have been developed for use by corporate clients and are presently being utilized by Mutual Life of Canada, Ontario Hydro and Hills Pet Products. In the field of product knowledge, new services have been developed for Goodyear and Porsche Automobiles. There can be no assurance that new revenues will result from such services on an ongoing basis or that such services will result in positive changes to net income.

Liquidity and Capital Resources

Working capital as of February 29, 1992 amounted to Cn$1,096,563 (US$932,079), as compared to Cn$1,046,881 (US$889,849) as of August 31, 1991. The Company believes that its working capital position is sufficient for its current needs.

The Company is dependent upon the continued existence of NTN Communications, Inc. ("Communications") for broadcast services and maintenance operations. In June, 1991, Communications recapitalized its debt in the amount of approximately US$8,100,000 and raised new equity of approximately US$9,200,000. The Company has been advised that within the last twelve months, Communications' net worth has changed from a negative position to a positive position.

Inflation

The rate of inflation has had little impact on the Company's results of operations and is not expected to have a significant impact on continuing operations.

PART II - OTHER INFORMATION

NONE.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

Dated: April 10, 1992

By: ______________________

Peter Rona,
President & Principal
Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Nq2.2260

For the quarterly period ended February 29, 1992 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to __________

Commission file number 1-8128

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POPE, EVANS AND ROBBINS INCORPORATED
(Exact name of Registrant as specified in its charter)

NEW YORK	13-2507215
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

PROCESSED BY

APR [illegible]

1410 Broadway,
New York, New York
(Address of principal executive offices)

10018
(Zip C

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Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code: (212) 391-8300

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at March 31, 1992
Common stock, $.10 par value	20,225,428

POPE, EVANS AND ROBBINS INCORPORATED AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Condensed consolidated balance sheets - February 29, 1992 and November 30, 1991.

Condensed consolidated statements of operations - Three months ended February 29, 1992 and 1991.

Condensed consolidated statements of cash flows - Three months ended February 29, 1992 and 1991.

Notes to condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

PART I - FINANCIAL INFORMATION
POPE, EVANS AND ROBBINS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	February 29, 1992 (Unaudited)	November 30, 1991
ASSETS		
Current assets		
Cash and cash equivalents	$ 377	$ 338
Accounts receivable, less allowances of $273 and $435	8,333	13,912
Inventories	11,569	6,596
Prepaid expenses and other current assets	984	1,210
Total current assets	21,263	22,056
Property, plant and equipment, at cost, net of accumulated depreciation of $2,333 and $2,305	1,518	1,532
Receivables, less allowance of $2,440	730	730
Participation in line of credit	750	750
Other assets and deferred charges	1,727	1,711
	$25,988	$26,779
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Due to financial institution	$ 3,669	$ 1,717
Accounts payable	2,080	2,058
Accrued expenses and other current liabilities	1,813	2,261
Income taxes payable	55	83
Current maturities of long-term debt	300	300
Obligation to former shareholders of a subsidiary	2,159	2,800
Total current liabilities	10,076	9,219
Long-term debt, net of current maturities	48,381	47,641
Severance and retirement obligations	1,083	1,010
Shareholders' deficiency		
Preferred stock--$.01 par value, authorized and unissued 10,000,000 shares		
Common stock -- $.01 par value, authorized 100,000,000 shares, issued 21,400,129 shares	214	214
Capital in excess of par value	23,554	23,554
Deficit	(52,836)	(50,375)
Treasury stock - 1,174,701 shares, at cost	(4,484)	(4,484)
	(33,552)	(31,091)
	$25,988	$26,779

See notes to consolidated financial statements.

POPE, EVANS AND ROBBINS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollars in thousands, except per share amounts)

	Three Months Ended February 29,	
	1992	1991
Net sales	$10,395	$13,666
Costs and expense:		
Cost of sales	7,615	9,915
Selling, general and administrative	4,104	4,443
Interest, net	1,137	1,317
	12,856	15,675
Net loss	$(2,461)	$(2,009)
Net loss per share	$(.12)	$(.10)
Average shares outstanding	20,225,428	20,225,428

See notes to consolidated financial statements.

POPE, EVANS AND ROBBINS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Dollars in thousands)

	Three Months Ended February 29, 1992	Three Months Ended February 29, 1991
Cash flows from operating activities:		
Net loss	$ (2,461)	$(2,009)
Adjustments to reconcile net loss to net cash flows in operating activities:		
Depreciation of property, plant and equipment	66	71
Amortization of financing costs	84	78
Interest on long-term debt accrued and paid in notes	731	681
Provision for bad debts		242
Other	73	36
Changes in operating assets and liabilities:		
Receivables	5,579	3,429
Inventories	(4,973)	(3,535)
Accounts payable	22	(1,024)
Other, net	(266)	123
Net cash used in operating activities	(1,145)	(1,908)
Cash flows from investment activities:		
Purchase of property, plant and equipment	(52)	(110)
Net cash used in investment activities	(52)	(110)
Cash flows from financing activities:		
Net borrowings under short-term credit line	1,952	2,175
Repayment of obligation to former shareholders of a subsidiary	(641)	
Repayment of long-term borrowings, net	(75)	(30)
Net cash provided by financing activities	1,236	2,145
Increase in cash	39	127
Cash and cash equivalents at beginning of period	338	646
Cash and cash equivalents at end of period	$ 377	$ 773

See notes to consolidated financial statements.

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (which consisted only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended November 30, 1991.

NOTE 2 - INVENTORIES

Inventories consist of the following:

	February 29, 1992	November 30, 1991
Raw materials	$ 121	$ 129
Work in process	444	409
Finished products	11,004	6,058
	$11,569	$ 6,596

NOTE 3 - OBLIGATION TO FORMER SHAREHOLDERS OF A SUBSIDIARY

In December 1990, one of the former shareholders of the Company's subsidiary, Pat Fashions Industries, Inc., commenced an action against the Company to collect the balance due him of $842,657, plus interest from October 1, 1990 and costs. In June 1991, the court ruled in favor of the former shareholder. The Company believes that all of the former shareholders, including the plaintiff, had agreed to a subordination of the amounts due them to borrowings from a financial institution, and has appealed the above ruling. The appeal is pending. The outcome of the appeal, if adverse to the Company, may ultimately cause a default on the parent company's long-term debt. In the event of a default, the holders of the long-term debt have the right to declare the unpaid principal and accrued interest to be due and payable immediately. The ultimate outcome of the litigation cannot presently be determined. The liability due to former shareholders had been provided for at the time the Company acquired Pat Fashions Industries, Inc.

NOTE 4 - PLANNED DEBT RESTRUCTURING AND OPTION TO ACQUIRE SUBSIDIARY

In April 1991, to induce the financial institution that provides a line of credit to the Company's subsidiary, Pat Fashions Industries, Inc. ("PAT"), to extend its credit agreement, the Company purchased a Junior Participation of $750,000 in such credit line, and seven individuals, six of whom are officers and directors of the Company or PAT, purchased Junior Participations aggregating $1,750,000. In consideration for purchasing the Junior Participations, if the Company is not successful in restructuring its long-term debt in a specified manner by April 17, 1992, the seven individuals who purchased the Junior Participations will have an option, through April 17, 1994, to acquire all the issued and outstanding shares of PAT's common stock for PAT's Adjusted Tangible Net Value, as defined, which will be less than PAT's then book value. The Company will not be able to restructure its long-term debt by April 17, 1992. Accordingly, management is endeavoring to develop a new plan to restructure its long-term debt.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sales for the three months ended February 29, 1992, the first quarter of the 1992 fiscal year, were $10,395,000 representing an 23.9% decrease from sales of $13,666,000 for the first fiscal quarter of 1991. The sales decrease was due to a reduced selling program by the Company in anticipation of lower consumer demand in a weak economic environment.

Gross profit margin as a percentage of net sales was 26.7% for the quarter ended February 29, 1992, as compared with 27.4% for the similar quarter of last year. The .7% decrease in gross profit was due principally to the Company's effort to maintain its competitive position in a difficult market.

Selling, general and administrative expenses were $4,104,000 for the quarter ended February 29, 1992 and $4,443,000 for the same quarter of last year. The decrease is related to the lower sales volume and recovery of bad debts.

Interest expense was $1,137,000 for the quarter ended February 29, 1992 and $1,317,000 for the similar quarter of last year. The net decrease is due principally to reduced borrowings to support lower inventory levels and increased payments in kind on the 7% Senior Notes. As a result of the debt restructuring in 1988, $731,000 and $682,000 of interest, respectively, was paid in 7% Senior Notes.

Because of the seasonal nature of the apparel business, the current quarter being the lowest sales volume quarter of the year, the results of the quarter are not indicative of results in future periods.

Working capital was $11,187,000 at February 29, 1992 and $12,837,000 at November 30, 1991, or a current ratio of 2.1 as compared with 2.4. The increase in inventories and due to a financial institution, and the decrease in accounts receivables reflect the seasonal nature of the apparel business.

Management believes that funds generated from operations and the credit line will be sufficient to meet the Company's needs for the foreseeable future. However, management does not believe that the Company will be able to meet the redemption obligations of its 7% Senior Notes due 1998 and its 13.5% Subordinated Debentures due 2002. Accordingly, the Company actively pursued an unsuccessful plan to restructure its long-term debt that contemplated an offer to exchange the 7% Senior Notes and the 13.5% Subordinated Debentures for new debt instruments, cash and common stock at substantially below the face value of the debt. Management is currently endeavoring to develop a new plan to restructure its long-term debt.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits: None

(b) Reports on Form 8-K: None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POPE, EVANS AND ROBBINS INCORPORATED
(REGISTRANT)

Date: April 10, 1992

Joseph E. Robbins, Chairman of the Board
(Principal Executive Officer)

Date: April 10, 1992

Harry Rabinowitz, President and Treasurer
(Principal Financial Officer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number	3235-0070
Expires: September 30, 1988	
Estimated average burden hours per response	190.00

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

5K

D92.2260

For Quarter Ended: April 30, 1992 Commission File Number: 33-18437-LA

PRECIOUS METAL MINES INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or organization)

88-0230400
(I.R.S. Employer Identification No.)

Suite 413, 900 Brush Street, Las Vegas, Nevada 89107
(Address of principal executive offices) (Zip Code)

(702) 870-6421
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (attached).

During the last three (3) months the Registrant has completed assessment work requirements on its two properties and has up-dated its financial statements to reflect this and the events described in Part II, below. Shares issued: 970,200.

PART II - OTHER INFORMATION

Items 1 through 6.

On September 13, 1991, the Registrant signed a "letter of intent" with Gold Bug, Inc. and agreed to borrow $50,000 to finance a joint venture. Although the Registrant was informed that the loan had been approved in Salt Lake City, the proceeds were not received and communication between the Company, Gold Bug, Inc., and ICI Associates, who arranged the transactions, has been non-existent. Hence, 400,000 shares issued to ICI have been cancelled.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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PRECIOUS METAL MINES, INC.
(Registrant)

Carman Ridland
Carman Ridland, President and Treasurer

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UNAUDITED

EXHIBIT A

PRECIOUS METAL MINES, INC.

BALANCE SHEET

April 30, 1992

ASSETS

CURRENT ASSETS		
Cash on hand		$ 1,500.00
MINING PROPERTIES		
Nel Property Mining Claims - Note 1	$ 8,324.39	
Kadex Property Mining Claims	4,121.51	12,445.90
OTHER ASSETS		
Capital Stock Subscription Receivable	$ 42,875.00	
Organizational costs - Note 2	235.60	
Less: Accumulated Amortization	(235.60)	42,875.00
TOTAL ASSETS		$ 56,820.90

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Loan from officers		$ 15,311.11
STOCKHOLDERS' EQUITY		
Common Stock, Par Value $0.01 per share. Authorized 7,500,000 shares, - Schedule 1	$ 121,550.00	
Loss during development stage - Exhibit B	(80,040.21)	41,509.79
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		$ 56,820.90

The accompanying notes are an integral part of this statement.

EXHIBIT B

PRECIOUS METAL MINES, INC.
STATEMENT OF LOSS DURING DEVELOPMENT STAGE

May 1, 1987 (Inception) to April 30, 1992

INCOME		
Sale & Cancellation of Lease		$ 1,500.00
EXPENSES		
Mining exploration expense	$ 50,117.10	
Financing expense	21,002.92	
Administration expense	10,184.59	
Amortization of organization expense	235.60	81,540.21
NET (LOSS) DURING DEVELOPMENT STAGE		$ 80,040.21

EXHIBIT C

PRECIOUS METAL MINES, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION

May 1, 1987 (Inception) to April 30, 1992

WORKING CAPITAL PROVIDED BY:		
Cash received from issuance of common stock	$ 71,175.00	
Loan from officers	15,311.11	
Total Working Capital Provided		$ 86,486.11
WORKING CAPITAL APPLIED FOR:		
Net loss during development stage	$ 80,040.21	
Acquisition of mining claims	4,945.90	
Payment of organization expenses	235.60	
Less: Amortization - organization cost	(235.60)	
Total Working Capital Applied		$ 84,986.11
INCREASE OR (DECREASE) IN WORKING CAPITAL		$ 1,500.00

The accompanying notes are an integral part of this statement.

SCHEDULE 1

PRECIOUS METAL MINES, INC.

SCHEDULE OF COMMON STOCK ISSUED

May 1, 1987 (Inception) to April 30, 1992

Number of Shares		Amount
100,000	Shares of common stock issued to Mr. Don Davis, Vice President and Secretary of the Company, for cash received from him prior to public offering	$ 1,000.00
30,000	Shares of common stock issued to Mr. Robert Reed, Vice-President of the Company, for cash received from him prior to public offering	300.00
750,000	Shares of common stock issued to Dr. Carman Ridland, President and Treasurer of the Company, in exchange for mining properties, see Note 1	7,500.00
90,200	Shares of common stock sold through public offering at $1.25 per share. See below**	112,750.00
970,200	TOTAL COMMON STOCK	$ 121,550.00

** A Registration Statement, filed on Form S-18 with the U.S. Securities and Exchange Commission covering an offer of 200,000 shares of common stock at a price of $1.25 per share, became effective on September 6, 1988 and expired on September 6, 1990. During this period subscriptions for 90,200 shares had been received by the Company of which 55,900 shares totaling $69,875 have been paid for in full. The Company holds accounts receivable for 34,300 shares which, at $1.25 per share, amounts to $42,875.

PRECIOUS METAL MINES, INC.
NOTES TO FINANCIAL STATEMENTS

May 1, 1987 (Inception) to April 30, 1992

NOTE 1. MINING PROPERTIES

The Company acquired the Nel property 40 miles south of Las Vegas, Nevada consisting of 13 mining claims from Dr. Carman Ridland, President of the Company, in exchange for 750,000 shares of common stock. Although the transferer's historical cost of the Nel property is $24,679, the acquisition cost is reflected as $7,500, the par value of the shares issued. Subsequently, the Company enlarged the property by locating an additional claim and amending the locations of 3 original claims at a cost of $824.39. The total acquisition cost of the Nel property is now $8,324.39.

Through the efforts of Dr. Ridland and Don Davis, a director, the Company acquired the Kadex property consisting of 16 mining claims 3 miles east of Philipsburg, Montana. This property is reflected at a cost of $4,121.51 expended in staking the claims. On October 20, 1988 it was leased to Mt. Emily Exploration, Ltd. of Vancouver, B.C. for $500. The lessee was obliged to spend a minimum of $50,000 for exploration of the property before it could cancel the lease. On April 23, 1990 the lessee paid the Company $1,000 to cancel the lease and relieve it of the $50,000 obligation.

The Company claims, totaling 30, are all unpatented and require $100 per claim in annual assessment work to maintain the properties in good standing, an annual obligation of $3,000.

NOTE 2. DEFERRED COSTS

The total cost of organization amounted to $235.60. It is the Company's accounting policy to amortize the costs over a period of 60 months. Therefore, for the 60 month period (May 1, 1987 through April 30, 1992), an amount of $235.60 (60/60 of $235.60) was amortized.

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P92-2260

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992 Commission File No. 0-13507

RURBAN FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization

34-1395608
(I.R.S. Employer
Identification No.)

401 Clinton Street, Defiance, Ohio 43512
(Address of principal executive offices)
(Zip Code)

(419) 782-8950
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

The number of common shares of Rurban Financial Corp. outstanding was 882,515 on May 5, 1992.

(30)

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial statements

The interim consolidated financial statements of Rurban Financial Corp. are unaudited; however, the information contained herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of financial condition and results of operations for the interim periods presented. All adjustments reflected in these financial statements are of a normal recurring nature in accordance with Rule 10-01(b)(8) of Regulation S-X. Results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results for the complete year.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

RURBAN FINANCIAL CORP. AND SUBSIDIARIES

	March 31 1992 (Unaudited)	December 31 1991 (Note)
ASSETS		
Cash and due from banks	$ 11,386,267	$ 14,762,729
Federal funds sold	-0-	-0-
TOTAL CASH AND CASH EQUIVALENTS	11,386,267	14,762,729
Interest bearing deposits in other banks	100,000	100,000
Investment securities (market value-- $61,253,000 at March 31, 1992 and $66,367,000 at December 31, 1991)	60,213,832	64,752,172
Securities held for sale (market value-- $3,963,000 and $3,139,000 respectively)	3,941,723	3,067,137
Loans and lease financing receivables, net of allowance for losses of $2,704,147 and $2,701,835 respectively	181,990,852	178,629,305
Loans held for sale	5,470,540	2,916,590
Premises and equipment, net	5,971,633	5,915,365
Accrued interest and other assets	5,338,711	4,707,686
TOTAL ASSETS	$274,413,558	$274,850,984

	March 31 1992 (Unaudited)	December 31 1991 (Note)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	$ 28,248,291	$ 31,558,234
Interest bearing	207,118,443	210,284,345
TOTAL DEPOSITS	235,366,734	241,842,579
Short-term borrowings:		
Federal funds purchased and securities sold under agreements to repurchase	10,320,000	4,755,000
Other	-0-	167,577
TOTAL SHORT-TERM BORROWINGS	10,320,000	4,922,577
Accrued expenses and other liabilities	2,084,659	1,978,454
TOTAL LIABILITIES	247,771,393	248,743,610
SHAREHOLDERS' EQUITY		
Common Shares, stated value $5.00 a share: Authorized--1,500,000 shares Issued--882,515 after deducting 3,368 shares in treasury	4,412,575	4,412,575
Capital surplus	8,389,425	8,389,425
Retained earnings	13,840,165	13,305,374
TOTAL SHAREHOLDERS' EQUITY	26,642,165	26,107,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$274,413,558	$274,850,984

See notes to condensed consolidated unaudited financial statements

Note: The balance sheet at December 31, 1991, has been derived from the audited financial statements at that date.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

RURBAN FINANCIAL CORP. AND SUBSIDIARIES

	Three Months Ended March 31	
	1992	1991
Interest income:		
Loans and leases, including fees	$ 4,525,893	$ 4,495,612
Investment securities:		
Taxable	1,027,818	1,079,598
Tax-exempt	129,550	151,513
Other	10,448	238,690
TOTAL INTEREST INCOME	5,693,709	5,965,413
Interest expense:		
Deposits	2,686,735	3,191,623
Short-term borrowings	76,139	60,250
TOTAL INTEREST EXPENSE	2,762,874	3,251,873
NET INTEREST INCOME	2,930,835	2,713,540
Provision for losses	157,500	109,500
NET INTEREST INCOME AFTER PROVISION FOR LOSSES	2,773,335	2,604,040
Other income:		
Trust department	250,000	210,000
Service charges on deposit accounts	198,620	190,989
Data processing fees	487,505	418,406
Investment security gain (loss)	4,950	(5,091)
Other	96,774	83,306
TOTAL OTHER INCOME	1,037,849	897,610
Other expenses:		
Salaries and employee benefits	1,245,314	1,160,237
Net occupancy expense	136,062	135,458
Equipment expense	268,838	242,619
Other	934,076	910,017
TOTAL OTHER EXPENSE	2,584,290	2,448,331
INCOME BEFORE INCOME TAXES	1,226,894	1,053,319
Applicable income taxes	392,048	310,000
NET INCOME	$ 834,846	$ 743,319
Net income per Common Share	$ .95	$ .91
Average shares outstanding	882,515	820,682

See notes to condensed consolidated unaudited financial statements

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

RURBAN FINANCIAL CORP. AND SUBSIDIARIES

	Three Months Ended March 31	
	1992	1991
Balance beginning of period	$ 26,107,374	$ 21,413,988
Net Income	834,846	743,319
Cash dividends ($.34 per share)	(300,055)	(300,055)
Common stock issued - 105,000 shares	-0-	2,887,500
Balance end of period	$ 26,642,165	$ 24,744,752

See notes to condensed consolidated unaudited financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

RURBAN FINANCIAL CORP. AND SUBSIDIARIES

	Three Months Ended March 31	
	1992	1991
Cash Flows From Operating Activities		
Cash received from customers' fees and commissions	$ 1,032,899	$ 902,701
Cash paid to suppliers and employees	(3,124,249)	(2,674,747)
Interest received	5,645,770	5,379,263
Interest paid	(2,889,069)	(3,072,254)
Income taxes paid	(40,000)	(42,000)
Net cash from operating activities	625,351	492,963
Cash Flows From Investing Activities		
Proceeds from maturities of investment securities	8,971,041	3,963,604
Proceeds from sales of investment securities	1,078,684	-0-
Purchase of investment securities	(6,381,021)	(19,147,134)
Net (increase)/decrease in loans	(10,684,470)	(3,692,386)
Proceeds from sales of loans	4,512,384	-0-
Recoveries on loan charge-offs	85,535	86,267
Premises and equipment expenditures	(205,489)	(42,167)
Payment for purchase of First National Bank net of cash acquired	-0-	4,145,000
Net cash from investing activities	(2,623,336)	(14,686,816)
Cash Flows From Financing Activities		
Net increase/(decrease) in deposits	(6,475,845)	3,220,696
Net increase/(decrease) in short-term borrowings	5,397,423	2,105,799
Dividends paid	(300,055)	(300,055)
Net cash from financing activities	(1,378,477)	5,026,440
Net Change In Cash and Cash Equivalents	(3,376,462)	(9,167,413)
Cash and Cash Equivalents At Beginning of Year	14,762,729	27,696,230
Cash and Cash Equivalents At End of Year	$11,386,267	$18,528,817
Reconciliation Of Net Income To Net Cash From Operating Activities		
Net income	$ 834,846	$ 743,319
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	149,221	118,783
Amortization of intangible assets	58,750	58,000
Provision for loan losses	157,500	109,500
(Gain)/loss on sale of investment securities	(4,950)	5,091
Increase/(decrease) in unearned lease income	-0-	(10,087)
Increase/(decrease) in deferred loan fees	13,554	775
(Increase)/decrease in interest receivable	(61,493)	(576,838)
(Increase)/decrease in other assets	(628,282)	(391,776)
Increase/(decrease) in interest payable	(126,195)	179,619
Increase/(decrease) in income taxes payable	352,048	268,000
Increase/(decrease) in other liabilities	(119,648)	(11,423)
Net cash from operating activities	$ 625,351	$ 492,963

See notes to condensed consolidated unaudited financial statements.

NOTES TO CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

RURBAN FINANCIAL CORP. AND SUBSIDIARIES

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes included in the Corporation's annual report for the year ended December 31, 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Rurban Financial Corp. ("Rurban") was incorporated on February 23, 1983, under the laws of the State of Ohio. Rurban is a bank holding company registered with the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. Rurban's subsidiaries, The State Bank and Trust Company ("State Bank"), The Peoples Banking Company ("Peoples Bank") and The First National Bank of Ottawa ("First National Bank") are engaged only in the industry segment of commercial banking. Rurban's subsidiary, Rurbanc Data Services ("Rurbanc"), provides computerized data processing services for the Corporation's subsidiary banks as well as other banks and businesses. Rurban's subsidiary, Rurban Life Insurance Company ("Rurban Life") has a certificate of authority from the State of Arizona to transact insurance as a domestic life and disability reinsurer.

Liquidity

Liquid assets consist of cash, amounts due from banks, investment securities and federal funds sold. These assets decreased $7,040,216 from December 31, 1991 to March 31, 1992. Liquid assets were 30% of total assets at December 31, 1991 and 28% of total assets at March 31, 1992. This difference represents normal fluctuation and was not due to any change in policy of management regarding liquidity.

Capital Resources

Capital Resources increased $534,791 between December 31, 1991 and March 31, 1992. This increase was attributed to earnings of $834,846 less dividends declared, during the three months ended March 31, 1992, of $300,055.

The following table provides the minimum regulatory capital requirements and the Corporation's capital ratios at March 31, 1992:

	Minimum Regulatory Capital Requirements		Corporation's Capital Ratio
	3-31-92	12-31-92	
Ratio of tier 1 capital to weighted-risk assets	3.625%	4.00%	13.27%
Ratio of total capital to weighted-risk assets	7.250%	8.00%	14.67%
Ratio of shareholders' equity to weighted risk assets	3.250%	4.00%	13.85%
Leverage Ratio	3.000%	4.00%	9.34%
Ratio of total shareholders' equity to total assets	None	None	9.71%

The Corporation's subsidiaries meet the applicable minimum regulatory capital requirements at March 31, 1992. The Corporation remains comfortably above the minimum regulatory capital requirements. The Banking Regulators may alter minimum capital requirements as a result of revising their internal policies and their ratings of the Corporation's Subsidiary Banks.

As of March 31, 1992, management is not aware of any current recommendation by banking regulatory authorities which if they were to be implemented would have, or are reasonably likely to have, a material adverse effect on the Corporation's liquidity, capital resources or operations.

Supplemental Information

There were no material increases or decreases in regard to non-performing assets as of March 31, 1992 compared to December 31, 1991.

Material Changes in Financial Condition

There were no material changes in financial condition as of March 31, 1992 compared to December 31, 1991.

Material Changes in Results of Operations

Net income for the quarter ended March 31, 1992 was $834,846 which is 12% more than the $743,319 reported for the same period in 1991. The principle reasons for this are: (1) Net interest income increased $217,295 or 8% over the first quarter of 1991. (2) Total other income increased $140,239 when compared to the first quarter of 1991 due mainly to increases of $40,000 in trust fees and $69,099 in data processing fees. (3) Total other expenses increased $135,959 over the same period last year, due mainly to increases in salaries and employee benefits of $85,077 and equipment expense of $26,219.

PART 11 - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

No reports were filed during the quarter for which this form is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RURBAN FINANCIAL CORP.

Date May 12, 1992

By____________________
Richard C. Burrows
President

By____________________
David E. Manz
Executive Vice President &
Chief Financial Officer

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Q92-2260

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number 0-508

SIERRA PACIFIC POWER COMPANY

(Exact name of registrant as specified in its charter)

PROCESSED BY
14-13=2.
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NEVADA (State or other jurisdiction of incorporation or organization)	88-0044418 (I.R.S. Employer Identification No.)
6100 Neil Road (P.O. Box 10100) Reno, Nevada (Address of principal executive office)	89520-0400 (Zip Code)

(702) 689-4286
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No___

Indicate the number of shares outstanding of each of the issuer's class of Common Stock, as of the latest practicable date.

Class	Outstanding at May 12, 1992
Common Stock, $3.75 par value	1,000 Shares

BEST COPY AVAILABLE

SIERRA PACIFIC POWER COMPANY
QUARTERLY REPORT FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 1992

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Coopers
&Lybrand

certified public accountants

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholder
of Sierra Pacific Power Company:

We have reviewed the balance sheet of Sierra Pacific Power Company as of March 31, 1992, and the related statements of income and cash flows for the three-month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet and statement of capitalization of Sierra Pacific Power Company as of December 31, 1991, and the related statements of income, common shareholder's equity, and cash flows for the year then ended (not presented herein); and in our report dated February 14, 1991, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 1991 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.

Coopers & Lybrand

San Francisco, California
May 1, 1992

SIERRA PACIFIC POWER COMPANY
BALANCE SHEET
(Thousands of Dollars)

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$1,455,152	$1,446,532
Less accumulated provision for depreciation	401,138	391,068
	1,054,014	1,055,464
Construction work in progress	48,454	38,749
	1,102,468	1,094,213
Non-utility Investments	1,510	1,510
Current Assets:		
Cash and cash equivalents	6,561	3,071
Accounts receivable less provision for uncollectible accounts: $992 at March 31, 1992 and $948 at December 31, 1991	46,176	52,071
Materials, supplies and fuel, at average cost	32,147	34,811
Prepayments and other	4,435	3,436
	89,319	93,389
Deferred Charges:		
Deferred energy costs	8,081	6,181
Accumulated deferred federal income taxes	17,814	17,446
Other assets	67,120	65,381
	93,015	89,008
	$1,286,312	$1,278,120
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	$ 400,314	$ 411,916
Preferred stock	23,115	23,115
Preferred stock subject to mandatory redemption	34,000	34,000
Long-term debt	427,477	449,803
	884,906	918,834
Current Liabilities:		
Short-term borrowings	60,000	27,000
Accounts payable	35,523	49,072
Accrued interest	6,164	8,414
Dividends declared	13,140	-
Accrued salaries and benefits	10,467	8,145
Other current liabilities	7,929	2,483
	133,223	95,114
Deferred Credits:		
Accumulated deferred federal income taxes	164,739	161,594
Accumulated deferred investment tax credit	50,841	51,356
Customer advances for construction	38,827	39,016
Deferred energy costs	7,707	6,001
Other	6,069	6,205
	268,183	264,172
	$1,286,312	$1,278,120

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
STATEMENT OF INCOME
(Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
	(unaudited)	
Operating Revenues:		
Electric	$100,508	$100,338
Gas	18,542	20,540
Water	6,670	6,355
	125,720	127,233
Operating Expenses:		
Engergy Costs:		
Purchased power	26,377	23,799
Fuel for power generation	16,779	16,742
Gas purchased for resale	10,315	12,917
Deferral of energy costs - net	(696)	2,513
Other Operations	22,945	20,608
Maintenance	3,894	4,069
Depreciation	11,297	10,363
Taxes:		
Income taxes	7,664	8,170
Other than income taxes	3,528	3,241
	102,103	102,422
Operating Income	23,617	24,811
Other Income:		
Allowance for other funds used during construction	-	50
Other income - net	871	1,840
	871	1,890
Total Income	24,488	26,701
Interest Charges:		
Long-term debt	9,469	9,929
Other debt	676	1,363
Allowance for borrowed funds used during construction	(285)	(218)
	9,860	11,074
Net Income	14,628	15,627
Less Preferred Dividend Requirements	1,090	1,090
Income Applicable to Common Stock	$ 13,538	$ 14,537

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
STATEMENT OF CASH FLOWS
(Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
	(unaudited)	
Cash Flows From Operating Activities:		
Net income	$ 14,628	$ 15,627
Non-cash revenues and expenses included in income:		
Depreciation	11,297	10,363
Deferred taxes and investment tax credits	2,262	1,329
Allowance for funds used during construction	(285)	(268)
Deferred energy costs	(696)	2,513
Deferred interest on variable rate debt	502	-
Other non-cash	(112)	1,369
Changes in certain assets and liabilities:		
Accounts receivable - net	5,895	1,857
Materials, supplies and fuel	2,664	(4,170)
Other current assets	(999)	(1,409)
Accounts payable	(13,543)	(4,343)
Other current liabilities	5,518	6,175
Other - net	137	(864)
Net Cash Flow from Operating Activities	27,268	28,179
Cash Flows For Investing Activities:		
Additions to utility plant	(20,207)	(16,093)
Non-cash charges to utility plant	432	413
Net customer refunds for construction	(189)	(367)
Contributions in aid of construction	421	284
Net Cash Used by Investing Activities	(19,543)	(15,763)
Cash Flows From Financing Activities:		
Net increase in short-term borrowings	32,428	374
Reduction of long-term debt	(30,088)	(641)
Decrease in funds held in trust	7,892	5,003
Call premium on debt redemption	(1,377)	-
Expenses of external financing	-	(403)
Cash dividends paid	(13,090)	(12,090)
Net Cash Used by Financing Activities	(4,235)	(7,757)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,490	4,659
Beginning Balance	3,071	3,832
ENDING BALANCE IN CASH AND CASH EQUIVALENTS	$ 6,561	$ 8,491
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During Period For:		
Interest	$ 11,769	$ 11,687
Income taxes	$ -	$ 1,441

The accompanying notes are an integral part of the financial statements.

ITEM 1. NOTES TO FINANCIAL STATEMENTS

NOTE 1. MANAGEMENT'S STATEMENT

In the opinion of Company management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and results of operations for the periods shown. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's 1991 annual report on Form 10-K. Coopers & Lybrand, the Company's independent accountants, have performed a review of the unaudited financial statements, and their report thereon has been included on page 1.

The results of operations for the three-month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

NOTE 2. LONG-TERM DEBT

On March 23, 1992 the Company redeemed the $30 million principal amount of first mortgage bonds, 9-7/8% Series N due 2004, at a redemption price of 104.59%.

NOTE 3. SHORT-TERM BORROWINGS

On March 18, 1992 the Company increased its unsecured demand lines of credit from $70 million to $80 million. These lines of credit are used principally to support commercial paper borrowings and are on a fee basis with no compensating balance requirements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Nevada, the Company's primary jurisdiction, uses a marginal cost method for setting rates by customer class. As a result of this, changes in sales mix (i.e., consumption by customer class) can result in increases or decreases in revenues, irrespective of changes in total consumption.

REVENUE MARGIN
(In Thousands of Dollars)

	Three Months Ended March 31,	
	1992	1991
Operating Revenues	$125,720	$127,233
Energy Costs	(52,775)	(55,971)
Revenue Margin	$ 72,945	$ 71,262

The Company's operating revenues for the first quarter of 1992 were down by 1.2% from the first quarter of 1991. This is due primarily to unseasonably warm temperatures in 1992. Gas therm sales decreased by 6.3% from the first quarter of 1991, despite a 3.4% increase in gas customers. Electric MWh sales decreased 0.6%, despite a 2.3% increase in electric customers. These weather-related revenue decreases have offset the effects of rate increases granted to the Company in January 1992 by the Public Service Commission of Nevada (the "Nevada Commission").

Energy costs are comprised of purchased power, fuel for power generation, gas purchases and deferred energy. Average energy costs for the quarter are set forth below.

	Three Months Ended March 31,	
	1992	1991
Average cost per KWh of purchased power	3.11¢	2.79¢
Average cost per KWh of generated power	2.13¢	2.28¢
Average cost per therm of gas purchased for resale	26.01¢	30.99¢

Due to poor runoff conditions in the Pacific Northwest, the Company has been unable to purchase the low-cost, surplus hydroelectric energy produced in this region through the spot market in the quantities it has in the past. Current projections show that the availability of this low-cost power will continue to be curtailed and that what is available will be more expensive. As a result, purchased power expense for the first quarter of 1992 increased by 10.8% over the comparable period in 1991, although MWh purchased decreased by 8.5%.

In order to meet its electric demand, the Company increased its MWh generated by 6.9% during the first quarter of 1992 over the first quarter of 1991. The cost of fuel for power generation, however, increased by only 0.2% due to a 6.6% decrease in the cost of generation fuel.

The cost of gas purchased for resale decreased by 20.1% in the first quarter of 1992 from the comparable period in 1991 due to a 16.1% decrease in the price of natural gas and reduced demand due to warmer weather.

First quarter 1992 deferred energy costs - net decreased from the comparable quarter in 1991 primarily because the Company is refunding larger amounts of prior overcollections of fuel-related costs in 1992 than it was in 1991. The fact that the Company is currently over-collecting, in its base tariff rates compared to its actual fuel costs, to a lesser extent than it was in 1991, is also a component in the decrease of net deferred energy costs.

Other operations expenses have increased for the three months ended March 31, 1992 over the comparable period in 1991 primarily as a result of employee wage increases and an increase in pension expense. As a result of adopting Statement of Financial Acccounting Standards No. 87, Employers' Accounting for Pensions, there were excess plan assets at the date of transition that the Nevada Commission ordered the Company to amortize over a three-year period, causing a decrease in pension expense during the amortization period. The increase in pension expense experienced this quarter was due to the excess plan assets having been fully amortized as of July 1991.

Depreciation expense during the first quarter of 1992 was 9.0% higher than during the first quarter of 1991 due to an increase in utility plant and an increase in depreciation rates as a result of the Company's 1991 general rate case.

Income taxes decreased for the quarter ended March 31, 1992 from the comparable period in 1991 due to a decrease in income before income taxes. Other taxes increased due to higher franchise fees paid to the states of Nevada and California. Income taxes reflected in operating income and other income-net are summarized below (in thousands of dollars):

	Three Months Ended March 31,	
	1992	1991
Currently payable	$ 5,130	$ 6,753
Deferred taxes - net	2,777	1,812
Investment tax credit - net	(515)	(482)
Total income taxes	$ 7,392	$ 8,083
Charged to:		
Operations	$ 7,664	$ 8,170
Other income - net	(272)	(87)
Total income taxes	$ 7,392	$ 8,083
Income before income taxes	$22,020	$23,710
Effective tax rate	33.6%	34.1%

Other income - net decreased for the quarter ended March 31, 1992 from the comparable quarter in 1991 due to drawdowns of the funds held in trust from the Company's variable rate debt financings. As the funds are used to finance qualified expenditures, there is less principal available to earn interest. Lower interest rates on invested funds also contributed to the decrease.

Lower interest rates were also primarily responsible for the 4.6% decrease in interest paid on long-term debt. The Company's variable rate, tax-exempt debt financings were able to take advantage of the lower rates. In addition, a $6.5 million first mortgage bond with an interest rate of 5% matured in May 1991 and the Company is no longer paying interest on that debt. Interest on other debt decreased by 50.4% due to substantially higher levels of short-term borrowings in the first quarter of 1991 than in the first quarter of 1992.

FINANCIAL CONDITION

During the first quarter of 1992, the Company declared two quarterly common and preferred stock dividends aggregating $26.2 million. The declaration for the second quarter, consisting of $13.1 million, was made in March but is not payable until May. As a result, the March 31, 1992 common shareholder's equity balance, which includes retained earnings, decreased from the balance as of December 31, 1991.

Water distribution operations provide 5%-6% of the Company's revenues. The Company's water service area continues to experience drought conditions that are increasing in severity. The Company has detailed many options for conservation measures, new supplies and storage in its current water resource plan, which has been filed with the Nevada Commission. The Company's role in managing the drought situation is to assist governmental entities in their decision-making by providing them with supply, demand, and conservation information and to continually search for and evaluate new water options.

LIQUIDITY AND CAPITAL RESOURCES

The Company's construction program and capital requirements for the period 1992-1996 have been discussed in the Company's annual report on Form 10-K for the year ended December 31, 1991. Estimated cash construction expenditures for 1992 and 1993-1996 are $102.5 million and $449.7 million, respectively. As of March 31, 1992, $19.5 million (19%) of the amount projected for 1992 had been expended. Of this amount, 72.5% was provided by internally-generated funds and the remainder was provided by proceeds held in trust from variable rate, tax-exempt debt financings.

In March 1992 the Company offered a voluntary early retirement plan to non-bargaining unit employees who will attain the age of 50 and have a minimum of 15 years of credited service as of June 1, 1992. A total of 75 employees are eligible for the plan and they have until May 31, 1992 to make a decision. The Company's actuaries are currently calculating the costs associated with the program and actual costs will not be known until a later date. If all eligible employees choose the offer, a preliminary estimate places the total cost at $9.4 million. However, these costs are expected to be more than offset by payroll savings over time, as the Company has committed to continuing its level of service through increased productivity and employee reassignment.

Several financing changes are planned during the remainder of 1992. The Company plans to take advantage of the current lower interest rates by converting some of its variable rate, tax-exempt financings to fixed rates. During the second quarter of 1992 the security for the Company's $39.5 million Humboldt County, Nevada, Variable Rate Demand Pollution Control Refunding Revenue Bonds Series 1987 due 2017, and its $17.5 million Washoe County, Nevada, Variable Rate Demand Gas Facilities Refunding Revenue Bonds, Series 1987 due 2017, will be changed from letter of credit arrangements to new first mortgage bonds, and the rates will be fixed at 7%.

Also during the second quarter of 1992, the Company expects to institute a medium-term note program for up to $115 million, issuable in separate series and collateralized by first mortgage bonds. The first identified use of the medium-term note program is to pay off the short-term borrowings used in March 1992 to redeem the $30 million principal amount of first mortgage bonds, 9-7/8% Series N due 2004.

In addition, the Company plans to issue $25 million of new variable rate, tax-exempt debt in the third quarter of 1992 to finance gas division construction expenditures through 1995.

In April 1992 the Company filed with the California Public Utilities Commission for permission to issue up to $50 million in preferred stock during 1992.

PART II

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits filed with this Form 10-Q:

(15) Awareness letter of independent accountants → Located at sequentially-numbered page 14.

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

For: Sierra Pacific Power Company
Sierra Pacific Power Company

Date: May 12, 1992
By:
Steven C. Oldham
Treasurer and
Director of Finance
(Principal Financial Officer)

Date: May 12, 1992
By: Lynn M. Miller
Lynn M. Miller
Controller
(Principal Accounting Officer)

Consisting of one page

Coopers
&Lybrand

certified public accountants

333 Market Street
San Francisco, California [illegible]

telephone [illegible]
facsimile [illegible] 3144
[illegible]

in principal areas of the world

May 1, 1992

Securities Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Sierra Pacific Resources
Registration on Form S-3

We are aware that our report dated May 1, 1992, on our review of interim financial information of Sierra Pacific Power Company for the three months ended March 31, 1992, and included in the Company's quarterly report on Form 10-Q for the quarter then ended is incorporated by reference in the registration statement of Sierra Pacific Resources on Form S-3 for the issuance of Common Stock (File No. 33-46150). Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statement prepared or certified by us within the meaning of Sections 7 or 11 of that Act.

Coopers & Lybrand

San Francisco, California
May 1, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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EPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended February 29, 1992

RG2-2260

OR

L3Q

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 0-12132

APR 13 1992

SILVERADO MINES LTD.
(Exact name of registrant as specified in its charter)

British Columbia, Canada (State or other jurisdiction of incorporation or organization)	98-0045034 (I.R.S. Employer Identification No.)
#2580 - 1066 W. Hastings Street Vancouver, British Columbia (Address of principal executive offices)	V6E 3X2 (Zip Code)

Registrant's telephone number, including area code (604) 689-1535

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ____

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court

Yes ____ No ____

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 19,766,882, outstanding as of April 6, 1992.

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PART I - FINANCIAL INFORMATION

SILVERADO MINES LTD.
CONSOLIDATED BALANCE SHEET
(expressed in Canadian dollars)
(unaudited)

	February 29, 1992	November 30, 1991 *
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 723	$ 6,134
Sundry debtor	1,198	2,320
Gold inventory	5,910	5,670
Gold Nugget inventory	5,910	5,735
	13,741	19,859
MINERAL PROPERTIES AND DEVELOPMENT		
Claims and options	575,241	575,241
Deferred exploration and development expenditures	7,173,573	7,172,328
	7,748,814	7,747,569
PLANT AND EQUIPMENT (note 4)	2,990,119	2,990,119
Less accumulated depreciation	202,045	202,045
	2,788,074	2,788,074
	$ 10,550,629	$ 10,555,502
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 617,164	$ 612,839
Payable to related parties	496,208	1,358,823
Notes payable to related party	60,720	57,150
Current portion of long-term debt	3,189,645	2,972,351
	4,363,737	5,001,163
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (issued and outstanding - 19,266,882 common shares)	19,438,960	18,408,185
Capital Surplus	59,600	59,600
Deficit	(13,311,668)	(12,913,446)
	6,186,892	5,554,339
	$ 10,550,629	$ 10,555,502

COMMITMENTS AND CONTINGENCIES (note 2)

* From Audited Financial Statements.

SILVERADO MINES LTD.
CONDENSED CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
(expressed in Canadian dollars)

(unaudited)

	Three Months Ended February 29,	
	1992	1991
Development Cost	$ -	$ -
Onsite Administrative	1,167	325
	1,167	325
Administrative and Other costs	397,055	(24,893)
PROFIT (LOSS) FOR THE PERIOD	(398,222)	24,568
(Deficit) at beginning of period	(12,913,446)	(12,486,704)
(DEFICIT) AT END OF PERIOD	$(13,311,668)	$(12,462,136)
Weighted average number of shares outstanding	19,266,882	12,781,426
EARNINGS (LOSS) PER SHARE	$ (0.02)	$ 0.002

The accompanying notes are an integral part of these financial statements.

SILVERADO MINES LTD.
CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES
(expressed in Canadian dollars)
(unaudited)

	Three months ended February 29,	
	1992	1991
Expenditures during the period		
Exploration and development	$ 1,245	$ 1,067
Less option payments received	-	(8,665)
	1,245	(7,598)
Deferred exploration and development expenditures at beginning of period	7,172,328	7,157,452
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES AT END OF PERIOD	$ 7,173,573	$ 7,149,854

The accompanying notes are an integral part of these financial statements.

SILVERADO MINES LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(expressed in Canadian dollars)
(unaudited)

	Three months ended February 29,	
	1992	1991
CASH PROVIDED BY (USED FOR):		
OPERATIONS:		
Profit (Loss) for the period		
Items not involving cash	$ (398,222)	$ 24,568
Changes in non-cash operating working capital (decrease)	5,032	(2,998)
	(393,190)	21,570
FINANCING:		
Loan from Marubeni America Corporation	217,294	31,155
Notes payable to related parties	3,570	1,029
Payable to related parties	(826,615)	(2,688)
Shares issued for cash and in settlement of debt	1,030,775	-
	389,024	32,814
INVESTMENTS:		
Exploration and development expenditures	(1,245)	(1,067)
Option payments received	-	8,665
	(1,245)	7,598
INCREASE (DECREASE) IN CASH POSITION	(5,411)	(3,646)
Cash position at beginning of period	6,134	4,117
CASH POSITION AT END OF PERIOD	$ 723	$ 471

The accompanying notes are an integral part of these financial statements.

SILVERADO MINES LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(expressed in Canadian dollars)
(unaudited)

Basis of Presentation

The financial information at February 29, 1992 and for the three month periods ended February 29, 1992 and February 28, 1991 included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods. These consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States.

Management Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

Silverado's cash and near cash items continue to be insufficient to meet its debts. Long term debt, which consists of a loan plus interest from Marubeni America Corporation remains at a standstill during the currency of the Ester Dome Joint Venture between Silverado Mines (U.S.), Inc. and American Copper & Nickel Company, Inc. (ACNC). ACNC has indicated that it intends to continue exploring the Ester Dome Properties during the 1992 field season.

The most likely sources of funding in the near term are from private financings, options related to the Ester Dome Joint Venture, and joint venture agreements on other properties. Longer term funding is possible from Silverado's net profits interest in the Ester Dome Joint Venture. Also, on July 31, 1989, Silverado assigned the Eagle Creek Property to Can-Ex Resources (U.S.), Inc. for $5,000,000 (U.S.) to be paid from 15% of net profits from production.

The Company's current source of liquidity for payment of liabilities, administrative costs and work on its properties is from limited advances from Tri-Con. Depending on whether funds will be available to reactivate operations, the ACNC Joint Venture could be a source of on-going liquidity or a net user of funds.

Three Months Ended February 29, 1992 vs November 30, 1991

The major change in the Company's financial condition is a reduction in the amount payable to related parties due to the issue of 3,530,000 shares at $0.25 per share for the settlement of debt with Tri-Con Mining, Inc.

Three Months Ended February 29, 1992 vs February 28, 1991

The major change between the periods is an increase in administrative costs due to an increase in financing activity.

RESULTS OF OPERATIONS

The Company's activities included reviewing data received from ACNC, the operator on the Ester Dome Joint Venture, financing efforts and planning and preparation of permit applications for a mining program on the Nolan Placer Project.

As of February 11, 1992, 963,500 employee options were exercised at $0.15 per share.

On February 18, 1992, the Company issued employee options totalling 950,000 shares exercisable at $0.30 per share up to February 18, 1993.

PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**
- None.

Item 2. **Changes in Securities**
- None.

Item 3. **Defaults Upon Senior Securities**
- None.

Item 4. **Submission of Matters to a vote of Security Holders**

Item 5. **Other Information**
- None.

Item 6. **Exhibits and Reports on Form 8-K.**
- None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed there unto duly authorized.

SILVERADO MINES LTD.

David E. Chowen, B. Comm.
Director/Secretary
Vice-President Administration
Chief Financial Officer

Date: April 11, 199

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number 0-10201

TGX CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	72-0890264 (I.R.S. Employer Identification No.)
509 Market Street, Suite 500 Shreveport, LA (Address of principal executive offices)	71101 (Zip Code)

(318) 221-0707
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

As of June 30, 1992, there were 25,313,533 outstanding shares of TGX Corporation Common Stock, $.01 par value.

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Page 1 of 35

TGX CORPORATION
Report on Form 10-Q For The Quarter Ended March 31, 1992

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TGX Corporation
Report on Form 10-Q For The Quarter Ended March 31, 1992

Part I. Financial Information.

Item 1. Financial Statements.

The accompanying unaudited consolidated financial statements of TGX Corporation ("TGX") and its subsidiaries (collectively the "Company") have been prepared in accordance with Rule 10-01 of Regulation S-X, "Interim Financial Statements", and accordingly do not include all information and notes required under generally accepted accounting principles for complete financial statements. The financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1991. In the opinion of the Company's management, these interim financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation, in all material respects, of the Company's financial position as of March 31, 1992 and the results of its operations and changes in cash flows for the three month period ended March 31, 1992. Results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. Certain reclassifications of prior period financial statements have been made to conform to the 1992 presentation. The results of operations for the three month period ended March 31, 1991 have also been adjusted to reflect the discontinuance of operations related to the Company's natural gas marketing business segment. It is recommended that these unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991.

As described in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 and the notes to unaudited consolidated financial statements included herein, on February 22, 1990, TGX filed a voluntary petition for reorganization pursuant to Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code"). An Amended Plan of Reorganization (the "Plan") for TGX was confirmed on January 7, 1992. However, due to TGX's current financial position, there can be no assurance that the confirmed Plan will be consummated or, if consummated, that it can be fully implemented. If TGX cannot fully implement the terms of the Plan, TGX may be forced to seek further relief under the Bankruptcy Code.

TGX Corporation and Subsidiaries
(In U. S. Chapter 11 proceedings as of February 22, 1990)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands of dollars)	March 31, 1992	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,283	$ 870
Accounts receivable, net of allowance for doubtful accounts of $947 and $900	1,639	2,867
Accounts receivable from affiliates	1,373	1,254
Other current assets	274	433
Total current assets	4,569	5,424
Property and equipment:		
Oil and natural gas properties under full-cost method	212,721	213,078
Other property and equipment	3,475	3,475
Accumulated depletion, depreciation and amortization	(169,127)	(167,802)
Property and equipment, net	47,069	48,751
Accounts and notes receivable from affiliates	550	546
Other assets	2,439	1,305
TOTAL ASSETS	$ 54,627	$ 56,026
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities generally not subject to compromise:		
Post-petition accounts payable and accrued liabilities	$ 9,318	$ 7,957
Current maturities of long-term debt	5,054	-
Pre-petition secured debt	-	25,408
Total current liabilities generally not subject to compromise	14,372	33,365
Pre-petition current liabilities subject to compromise:		
Priority debt	429	429
Unsecured debt	87,855	87,669
Total pre-petition current liabilities subject to compromise	88,284	88,098
Long-term debt, less current maturities	21,417	-
Total liabilities	124,073	121,463
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $1.00 par value: 25,000,000 shares authorized; 300,000 shares issued (liquidation preference of $10.00 per share)	300	300
Common stock, $.01 par value: 100,000,000 shares authorized; 28,976,791 shares issued	290	290
Additional paid-in capital	89,409	89,409
Deficit	(151,097)	(147,088)
Treasury stock, at cost (3,663,258 shares)	(8,348)	(8,348)
Total stockholders' deficit	(69,446)	(65,437)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 54,627	$ 56,026

See accompanying notes to unaudited consolidated financial statements.

TGX Corporation and Subsidiaries
(In U. S. Chapter 11 proceedings as of February 22, 1990)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Thousands except per share data)	Three Months Ended March 31, 1992	1991
REVENUES		
Oil and natural gas production	$ 2,112	$ 2,521
Natural gas gathering	111	152
Share of earnings of natural gas treating plant	58	123
Other, net	16	15
	2,297	2,811
COSTS AND EXPENSES		
Operating expenses	1,118	866
Depletion, depreciation and amortization	655	1,509
Full cost ceiling adjustment	670	-
General and administration expenses	1,110	935
Interest, post-petition	673	723
Reorganization expenses, net of post-petition interest income	371	438
	4,597	4,471
LOSS BEFORE INCOME TAXES	(2,300)	(1,660)
Income tax expenses	-	-
LOSS FROM CONTINUING OPERATIONS	(2,300)	(1,660)
INCOME FROM DISCONTINUED OPERATIONS	-	225
	(2,300)	(1,435)
Preferred stock dividends	(1,709)	-
NET LOSS APPLICABLE TO COMMON STOCK	$ (4,009)	$(1,435)
PER SHARE AMOUNTS		
Loss from continuing operations	$ (.16)	$ (.07)
Income from discontinued operations	-	.01
Net Loss	$ (.16)	$ (.06)
AVERAGE COMMON SHARES OUTSTANDING	25,314	25,314

See accompanying notes to unaudited consolidated financial statements.

TGX Corporation and Subsidiaries
(In U. S. Chapter 11 proceedings as of February 22, 1990)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Thousands)	Three Months Ended March 31, 1992	1991
Cash flows from operating activities:		
Net loss	$ (2,300)	$ (1,435)
Adjustments to reconcile net loss to cash provided by operating activities:		
Discontinued operations	-	(225)
Depletion, depreciation and amortization	1,325	1,509
Amortization of debt issuance costs	83	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,228	1,139
(Increase) decrease in accounts receivable from affiliates	(119)	186
Decrease in other current assets	159	4
Decrease in accounts payable and accrued expenses	(162)	(605)
Decrease in other current liabilities	-	(23)
Decrease in other assets	-	40
Net cash provided by operating activities from continuing operations	214	590
Net cash provided by Discontinued Operations	-	494
Net cash provided by operating activities	214	1,084
Cash flows from investing activities:		
Capital expenditures	(71)	(124)
Cash proceeds from asset sales	428	-
Investing activities of Discontinued Operations	-	(10)
Decrease in other assets	29	-
Net cash provided (used by) investing activities	386	(134)

(Continued)

See accompanying notes to unaudited consolidated financial statements.

TGX Corporation and Subsidiaries
(In U. S. Chapter 11 proceedings as of February 22, 1990)
CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
(Unaudited)

(Thousands)	Three Months Ended March 31, 1992	1991
Cash flows from financing activities:		
Debt issuance costs	$ (1,250)	$ -
Principal payments on long-term debt	(25,987)	(658)
Proceeds related to term loans pursuant to Amended Credit Agreement	26,850	-
Advance pursuant to revolving credit facility	200	-
Financing activities of Discontinued Operations	-	(450)
Net cash used by financing activities	(187)	(1,108)
Net increase (decrease) in cash and cash equivalents	413	(158)
Cash and cash equivalents at beginning of period	870	3,641
Cash and cash equivalents at end of period	$ 1,283	$ 3,483
Supplemental Cash Flow Information regarding Reorganization Proceeding:		
Cash expenditures primarily for professional fees	$ (37)	$ (141)
Interest earned, post-petition	10	56
Net cash outflows for reorganization proceedings	$ (27)	$ (85)

See accompanying notes to unaudited consolidated financial statements.

1. BASIS OF PRESENTATION

TGX Corporation ("TGX") and Subsidiaries (collectively, the "Company"), is a domestic independent energy company engaged in the production of oil and natural gas. From 1987 through 1991, the Company was also engaged in the marketing of natural gas and, to a lesser degree, providing natural gas transportation services. As the result of the sale of its wholly-owned subsidiary, LEDCO, Inc. ("LEDCO") on December 31, 1991, but effective August 31, 1991, the Company's net assets related to natural gas marketing and transportation operations were eliminated.

As discussed in Note 2, on February 22, 1990, TGX filed a voluntary petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code (the "Reorganization Proceeding"). TGX's wholly-owned subsidiaries, LEDCO, TGX Finance Corporation ("TFC"), Diablo Farms, Inc., and Templeton Energy Income Corporation ("TEIC"), did not file petitions for reorganization under the Bankruptcy Code nor have any of the limited or general partnerships for which TGX serves as general partner. On January 7, 1992, the Bankruptcy Court confirmed an Amended Plan of Reorganization (the "Plan") for TGX which became effective on January 21, 1992. As of March 31, 1992 the Plan was not yet substantially consummated.

The unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X, "Interim Financial Statements", and accordingly do not include all information and notes required under generally accepted accounting principles for complete financial statements. The financial statements have been prepared in conformity with the accounting principles and practices as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 (the "1991 10-K Report"). In the opinion of the Company's management, these interim financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation, in all material respects, of the Company's financial position as of March 31, 1992 and the results of its operations and changes in cash flows for the three month period ended March 31, 1992. Results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. Certain reclassifications of prior period financial statements have been made to conform to the 1992 presentation. The results of operations for the three month period ended March 31, 1991 have also been adjusted to reflect the discontinuance of operations related to LEDCO, the Company's natural gas marketing business segment. It is recommended that these unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the 1991 10-K Report.

TGX and other parties in interest have filed objections to numerous claims related to the Reorganization Proceeding. Depending on whether these objections are approved or disapproved by the Bankruptcy Court, the amount of finally allowed claims could be less or more than the pre-petition liabilities subject to compromise that are presented on the March 31, 1992 unaudited consolidated balance sheet. The unaudited consolidated financial statements do not reflect the effect, if any, of additional adjustments that may occur as a result of the Reorganization Proceeding. These adjustments could affect (i) the amount and classification of liabilities and (ii) existing stockholders' deficit.

The unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business. The eventual result of the Reorganization Proceeding is not presently determinable.

2. REORGANIZATION PROCEEDING

Pursuant to the provisions of the Plan, TGX will provide for (i) the payment in full of its secured debt by the issuance of new notes pursuant to the terms of a restructured credit agreement and (ii) the conversion of substantially all unsecured debt to preferred equity through the issuance of senior preferred stock and junior preferred stock with redemption and dividend provisions intended to provide for the payment in full of such unsecured debt over time. In addition, under the Plan, administrative, tax and priority, and certain other specified classes of claims and interests arising from options for common stock are to be paid in cash, retained or otherwise provided for. While the Plan provided that in certain circumstances there would be an option to receive cash for a portion of the claims of substantial unsecured creditors, such option was not available due to the Company's cash position.

TGX is a party to numerous executory contracts which, pursuant to the provisions of the Bankruptcy Code, could be assumed or rejected by TGX. Substantially all pre-petition obligations related to these executory contracts are included in the March 31, 1992 pre-petition obligations subject to compromise. If an executory contract was assumed by TGX, all defaults related to the executory contract must be cured (paid-in-full with cash). If an executory contract was rejected by TGX, all claims related to the executory contract will be satisfied pursuant to the terms of the Plan.

The following Pro-forma Consolidated Balance Sheet of the Company as of March 31, 1992 is presented to illustrate the effects of the Plan on the financial condition of the Company assuming (1) the Plan is fully implemented and (2) the full amount of administrative and other claims not yet finally allowed are in fact allowed by the Court. Due to TGX's current cash position, amounts to be satisfied in cash have been reclassified to "Accounts Payable and accrued expenses". There can be no assurance the Plan will ultimately be fully implemented without amendment and, therefore, the following Pro-forma Balance Sheet may not reflect the ultimate and final terms of the Plan.

(Thousands)	MARCH 31, 1992 AS REPORTED		PRO-FORMA ADJUSTMENTS	PRO-FORMA BALANCE MARCH 31, 1992
ASSETS				
Current	$ 4,569		$ -	$ 4,569
Property and equipment, net	47,069		-	47,069
Other long-term assets	2,989		-	2,989
	$ 54,627		$ -	$ 54,627
LIABILITIES AND DEFICIT				
Accounts payable and accrued liabilities	$ 9,318	(A)	$ 429	$ 11,165
		(B)	489	
		(E)	95	
		(F)	786	
		(G)	48	
Current maturities of long-term debt	5,054		-	5,054
Long-term debt less current maturities	21,417		-	21,417
Pre-petition unsecured claims subject to compromise	88,284	(A)	(429)	-
		(B)	(489)	
		(C)	(554)	
		(D)	(85,883)	
		(E)	(95)	
		(F)	(786)	
		(G)	(48)	
Total liabilities	124,073		(86,437)	37,636
Redeemable preferred stock	-	(D)	85,883	85,883
Common stockholders' deficit	(69,446)	(C)	554	(68,892)
	$ 54,627		$ -	$ 54,627

(A) Record Priority Claims in the amount of $429 as immediately due and payable.
(B) Record Forest Oil Corporation Class 4 claim as immediately due and payable.
(C) Record issuance of Old Preferred Stock for dividends due on Old Preferred Stock.
(D) Record issuance of Senior Preferred Stock for Large Unsecured Class 6 Claims and Class 9 Small Unsecured Claims Greater than $500 but less than $15,000.
(E) Record Class 10 Small Unsecured Claims of $500 or less as immediately due and payable.
(F) Record Class 13 Executory Contract Claims as immediately due and payable.
(G) Record Class 5 Other Secured Claims as immediately due and payable.

3. LONG-TERM DEBT

As discussed in Note 2, on February 22, 1990 TGX commenced the Reorganization Proceeding which constituted an event of default under the Company's long-term debt agreements.

As a result of the Reorganization Proceeding, the contractual terms of the Company's unsecured long-term debt subject to accelerated payment were stayed subject to the approval of the Bankruptcy Court.

Pursuant to the terms of the Plan, effective February 1, 1992, TGX executed an Amended and Restated Credit Agreement ("Amended Credit Agreement") with Bank of Montreal ("BMO") which essentially continued and preserved the prior revolving credit agreement. In March 1992, the Amended Credit Agreement was further amended to provide for the issuance of letters of credit. The general provisions of the term loans under the Amended Credit Agreement are:

Description	Original Principal Amount	Interest Rate	Maturity Date
Loan A	$15,600,000	BMO Prime plus 1.5%	December 31, 1994
Loan B	10,000,000	13%	December 31, 1993
Loan C	1,250,000	BMO Prime plus 1.5%	December 31, 1993

The Amended Credit Agreement also provides for a $500,000 Revolving Credit Facility which may be utilized only for working capital or the issuance of letters of credit. Interest for cash advances pursuant to the Revolving Credit Facility is calculated at BMO Prime plus 1.5% and BMO's commitment regarding this facility expires on December 31, 1994 unless an event of default exists.

Pursuant to the terms of the Amended Credit Agreement, the Company is required to make a monthly debt service payment and it must satisfy periodic principal reductions. The debt service payments are applied toward interest and fees related to the Revolving Credit Facility and Term Loan A with any excess being applied toward principal reductions for Term Loan A. Any debt service payments in excess of the required reductions for Term Loan A are applied toward accrued interest and principal for Term Loans B and C. All accrued interest for Term Loans B and C must be paid in full on December 31, 1992 and at maturity.

The Amended Credit Agreement is secured by substantially all assets of the Company. The Amended Credit Agreement includes customary covenants regarding financial reporting and ratios and generally prohibits capital expenditures in excess of specified amounts and the payment of dividends unless certain requirements are satisfied.

Pursuant to the terms of the Amended Credit Agreement, the Company is required to make certain minimum debt service payments. On April 30, 1992, the Company did not satisfy in full the required debt service payment and as a result BMO notified the Company that an Event of Default had occurred under the Amended Credit Agreement. BMO has further notified the Company that BMO is entitled to terminate its obligation to extend further credit and accelerate the loans under the Amended Credit Agreement. TGX's current deficiency for the April 30, 1992 required debt service payment is $150,000. If the Event of Default cannot be cured, the Company may be required to sell or otherwise dispose of certain of its assets or to otherwise renegotiate the Amended Credit Agreement in order to cure the Event of Default. There can be no assurance that the Company will be able to sell sufficient assets or to otherwise renegotiate the

Amended Credit Agreement. The Company cannot predict the effect this Event of Default will have on the Company's future operations or viability if it is not cured

4. COMMITMENTS AND CONTINGENCIES

National Fuel Gas Distribution Corporation ("NFG")

Since November 30, 1984, TGX has been involved in litigation in the United States District Court for the Western District of New York ("New York Federal Court") (Civ. No. 84-1372-E) with NFG as to the validity of a contract (the "Contract") pursuant to which TGX (as successor-in-interest to Paragon Resources, Inc. ("Paragon"), the original contracting party) sells certain natural gas production to NFG. The litigation addresses, among other things, the continued validity of the Contract, the price for gas sold, and certain take-or-pay claims. TGX is claiming that it is entitled to, at a minimum, the highest price permitted under the Natural Gas Policy Act.

On January 16, 1991 the New York Federal Court granted a motion for summary judgment, certified as final for purposes of appeal, declaring the Contract to be void as of December 20, 1983. The New York Federal Court's judgment was based on its determination that the New York Public Service Commission, in an earlier NFG rate proceeding, intended to cancel the Contract, even though it did not so state and even though TGX had neither notice nor an opportunity to appear in the proceeding.

On December 3, 1991, the Court of Appeals for the Second Circuit ("Court of Appeals") (Case No. 91-7127) reversed the judgment of the New York Federal Court and held that the Contract had not been voided and, therefore, remains in effect. The Court of Appeals remanded the case to the New York Federal Court for further proceedings not inconsistent with the opinion of the Court of Appeals. A motion for a Partial Summary Judgement regarding the price to be paid under the Contract is pending. The outcome of this matter cannot be determined at this time. TGX's current management has determined that it will seek settlement negotiations with NFG. However, there can be no assurances that any such negotiations will be productive or the ultimate effect on TGX's operations of any settlement. Any settlement between TGX and NFG must be approved by the Bankruptcy Court. Absent settlement, TGX will vigorously pursue litigation with NFG.

Since September 1984, NFG has been paying TGX for natural gas production at a price substantially less than the price TGX believes the Contract provides. As of March 31, 1992, TGX estimates, based on its interpretation of the pricing provision of the Contract, that the price differential attributable to its interest in the wells subject to the Contract was approximately $20,000,000, including interest computed at 9%. TGX has filed an adversary proceeding (the "Turnover Proceeding") in the Bankruptcy Court to compel NFG to pay the amount due to it pursuant to the provisions of the Contract. On June 19, 1992, TGX and NFG entered into a Partial Settlement Agreement, subject to Bankruptcy Court approval, regarding the settlement of some, but not all, of their disputes with neither party admitting that any claim or defense asserted or capable of being asserted in any pending litigation between them is valid nor did any party admit any liability. Pursuant to the provisions of the Partial Settlement Agreement, TGX will (i) dismiss, without prejudice, the Turnover Proceeding with the action currently pending in the New York Federal Court proceeding to a final resolution subject to any possible settlement negotiations, (ii) release NFG (subject to certain limitations) from any and all liability and affirmative claims for relief alleged to arise from or based upon certain evidence presented by TGX in the Turnover Proceeding, and (iii) reserve its rights regarding the assumption or rejection of certain other relatively minor gas purchasing agreements with NFG. On July 6, 1992, a hearing will be conducted in Bankruptcy Court regarding the Partial Settlement Agreement. Upon final approval of the Partial Settlement Agreement, NFG will pay TGX $2,940,000 which shall be credited against any amount which may be adjudged due to TGX from NFG

For the natural gas reserves dedicated under the Contract, TGX's calculation of the standard measure of discounted future net cash flows attributable to its oil and natural gas reserves ("Standardized Measure") had previously been based upon TGX's interpretation of the pricing provisions of the Contract and not the price being received by TGX from NFG. Previously, TGX intended to pursue the NFG litigation to a final resolution or only accept a settlement that would result in TGX realizing its interpretation of the full economic effect of the Contract. However, due to the current factual situation and the inherent uncertainty regarding any settlement negotiations or the outcome of litigation with NFG, there can be no assurance that TGX would realize the economic effect of the Contract as previously reflected in TGX's calculation of its proved oil and natural gas reserves. Therefore, in accordance with generally accepted accounting principles, effective December 31, 1991, TGX calculated its Standardized Measure based on the price actually being paid by NFG. Net capitalized costs related to oil and natural gas properties in excess of the revised Standardized Measure were charged to operations in the fourth quarter of 1991. While TGX is continuing the litigation with NFG regarding the Contract, it is also pursuing the possibility of a negotiated settlement. The ultimate result of the litigation or any settlement could have a material effect on the value of TGX's proved reserves. However, TGX can make no prediction as to the effect of or when the litigation will finally be resolved.

Gaylon D. and Gloria Annette Turner Simmons

On November 13, 1987, TGX commenced a legal action against Simmons in the United States District Court for the Eastern District of Louisiana ("Eastern Louisiana Federal Court") (Case No. 87-5928) for breach of contract and negligent misrepresentation in connection with the acquisition of LEDCO. Simmons counterclaimed alleging, among other things, violations of federal and state securities laws, misrepresentation and mismanagement. Simmons' counterclaim alleged damages in the amount of $8,000,000 which represents claims regarding the $5,000,000 of deferred consideration owed to Simmons by TGX and the $3,000,000 of Old Preferred owned by Simmons. In July 1989, TGX dismissed, with prejudice, its claims against Simmons.

Subsequent to the commencement of the Reorganization Proceeding, Simmons commenced federal and state legal actions against certain of TGX's former directors and other parties alleging complaints similar to those alleged against TGX. In addition to providing certain insurance coverage, TGX may have an obligation to indemnify certain of the defendants to the extent permitted by the General Corporation Law of Delaware ("Delaware Law") and TGX's certificate of incorporation and by-laws. Subject to Bankruptcy Court approval, TGX has agreed to advance the costs of litigation for the former directors pursuant to Delaware Law and has obtained the written agreement of affected directors to repay such advances to the extent such costs are later deemed not properly indemnifiable. Pursuant to the Plan, any such advances to the former directors for litigation costs will be satisfied with the issuance of Junior Preferred Stock. As of June 30, 1992, TGX had made no such advances to the former directors. The defendants filed a motion to dismiss the legal actions against them based on the expiration of the statue of limitations. Based upon this motion, the Eastern Louisiana Federal Court dismissed the federal claims without prejudice and took the dismissal of the state claims under advisement. In February 1992, before the order of dismissal and judgment was entered, a hearing was held regarding a motion filed by Simmons to reinstate their previously dismissed claims. As a result of this hearing, the Eastern Louisiana Federal Court denied the motion and ordered that a judgement be entered dismissing the state claims. The Simmons have appealed this decision. Pursuant to the terms of the Plan, Simmons have agreed not to pursue their claims against TGX.

Other

On December 27, 1989, certain limited partners of certain partnerships (the "Partnerships") for which TGX serves as general partner filed a legal action against TGX in the Louisiana Federal Court (Civil Action No. CV89-29595). The complaint sought injunctive relief requiring TGX, as general partner of the Partnerships, to allow the plaintiffs access to all Partnership records and also prayed for an accounting as to all Partnership monies. The plaintiffs also sought certain unspecified damages based upon alleged breach of contract and breach of fiduciary duty. As a result of the commencement of the Reorganization Proceeding, this matter was stayed. The limited partners filed proofs of claims in the Bankruptcy Court containing the same basic allegations as set forth in the above described legal action. The limited partners agreed to submit their claims to arbitration and on May 5, 1992, the arbitration findings and award report was submitted to the Bankruptcy Court. Based on this report, it is estimated that the Partnerships will be allowed pre-petition unsecured claims of approximately $6,275,000 including interest. Pursuant to the provisions of the Plan, the pre-petition claims of the Partnerships will be satisfied with the issuance of Senior Preferred Stock. In addition, based on the arbitration report, it is estimated that the Partnerships will have a post-petition claims of approximately $408,000.

In January 1990, the New York State Department of Environmental Conservation, Division of Mineral Resources ("Department") notified TGX that it considered TGX to be in violation of certain provisions of the environmental conservation laws of the State of New York concerning approximately 150 natural gas wells and production facilities located in Chautauqua and Erie Counties. The Department alleged that TGX violated certain New York laws in that the natural gas wells were "shut-in" for a period of time beyond one year, or had been abandoned and had not been plugged. To settle this dispute with the Department, TGX has entered into a consent order with the Department ("Agreed Order") providing that TGX will (i) submit status reports to the Department at a future date that will disclose the production history for certain wells, (ii) install dehydration equipment on certain wells, (ii) submit to the Department a schedule identifying certain wells to be serviced, (iv) submit to the Department a "Plugging and Abandonment Program" for certain wells, and (v) submit to the Department a testing and reporting schedule for certain wells. TGX believes that by entering into the Agreed Order with the Department, it will save substantial money by avoiding protracted litigation. The Agreed Order imposes a civil penalty on TGX in the amount of $139,000, which is suspended permanently if TGX complies with its terms. As of June 1, 1992, TGX has begun or completed operations on 133 wells and believes it will be able to comply fully with all of the terms and conditions of the Agreed Order. Pursuant to the Department's requirements, TGX is obligated to provide a letter of credit of at least $150,000 which may be utilized by the Department if TGX does not comply with the Agreed Order. The estimated cost of complying with the terms of the Agreed Order is $400,000.

From time to time, in the normal course of business, the Company is a party to various other matters of litigation the outcome of which, in the opinion of the Company's management, will not have a material adverse effect on the Company.

5. DISCONTINUED OPERATIONS

On December 31, 1991, TGX completed the sale of its wholly-owned subsidiary, LEDCO. In exchange for one hundred percent of the issued and outstanding common and preferred stock of LEDCO, TGX received $2.9 million in cash and the assignment from Steinhardt Partners, L. P. ("Steinhardt") of $2,403,000 million of claims related to TGX's Senior Subordinated Fixed Rate Notes ("Claims").

The final amount of the Claims to be assigned to TGX was subject to adjustment based on the change in working capital, as defined in the sale agreement, from August 31, 1991 to December 31, 1991 ("Working Capital Adjustment"). In June 1992, Steinhardt and TGX determined the final Working Capital Adjustment and as a result, TGX will transfer $258,000 of the Claims to Steinhardt. Pursuant to the Amended Credit Agreement requirements, the Claims may be applied toward the payment of costs related to the consummation of the Plan or will be held by BMO as collateral for TGX's obligation to BMO. Accordingly, the Claims have not been cancelled and, due to the lack of a current market, have been assigned no value.

6. LITIGATION AGAINST FORMER DIRECTORS AND OFFICERS OF PARAGON

In 1992, the Company commenced several actions in the Bankruptcy Court against Paragon, J. C. Templeton (former President, Chief Executive Officer and Director), W. M. Templeton (the son of J. C. Templeton and also a former director), and a number of other former directors of the Company for violations of their fiduciary obligations, gross negligence, mismanagement and usurpation of corporate opportunities.

An adversarial proceeding (No. 92-AP-1007) was commenced against Paragon, Paragon Private Drilling Program 1982 and Paragon Private Drilling Program 1982-2, two of its drilling partnerships, alleging that TGX and Paragon had entered into a Participation Agreement which provided for the sharing of certain expenses and revenues incurred in the operation of certain oil and gas wells in New York State, that Paragon subsequently assigned all or a portion of its rights in the Participation Agreement to the defendant drilling partnerships, and that, contrary to the terms of the Participation Agreement, 23 assignments of working interests in producing wells were made to the drilling partnerships. The Company asserts that the assignments were made without the payment of consideration at a time when all of the defendants owed substantial sums of money to TGX and when TGX was otherwise insolvent. As relief, TGX seeks a declaration that the assignments are void. A trial regarding this matter has tentatively been set for September 3, 1992.

The Company has commenced an adversary proceeding (No. 92-AP-1008) against Paragon, Majestic Energy Corporation, and Majestic Farms, Inc. alleging that TGX had rendered certain services to, and had incurred significant expenses and costs on behalf of, each of the defendants for which TGX was entitled to compensation. As relief, TGX seeks in excess of $3,000,000 plus interest from the defendants. A trial regarding this matter has tentatively been set for September 3, 1992.

In addition, the Company commenced an adversary proceeding (No. 92-AP-1029) against J. C. Templeton and W. M. Templeton, certain Templeton owned or controlled alter-ego entities and certain former directors. The Company alleges that the named defendants, acting alone or in concert with the other defendants, participated in individual and/or concerted activities constituting a breach of their fiduciary duties of care, loyalty and trust as officers and/or directors of TGX. In particular, J. C. Templeton and W. M. Templeton, as executive officers and directors of TGX, are alleged to have entered into a series of affiliated entity transactions resulting in personal benefits to themselves and other members of the Templeton family at the expense of TGX. These transactions are alleged to constitute, on the one hand, a gross abuse of the Templetons' corporate powers and a breach of their duties of care and loyalty and, on the other hand, the waste of corporate assets, spoliation and prohibited self dealing. The Company further alleges that each of these Templeton-affiliated transactions were undertaken without a determination by the remaining members of the board of directors that the transactions were the product of arms-length negotiations, were fair to TGX shareholders, and were ultimately in the best interests of the Company. Each of the remaining director-defendants is said to have failed to discharge his fiduciary duties of care and loyalty to TGX by failing to keep himself informed of the conduct of the Templetons, to insist that the board participate in the decision-making processes of the Company and to insure that the affiliated-entity transactions of the Templetons were reviewed to ascertain whether these transactions were fair and in the best interests of TGX. The Company seeks damages against each of the defendants, jointly and severally, in an amount not less than $10,000,000. In April 1992, certain former directors brought a separate action in the Delaware Chancery Court alleging that (i) the Company's claims were barred by the statute of limitations, (ii) the Company's Articles and By-Laws exonerated these former directors, and (iii) the former directors were entitled to indemnification and advancement of legal fees by the Company. The Company intends to vigorously defend against the claims made in the Delaware action.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion provides information which management believes is relevant to an understanding and assessment of the Company's results of operations, financial condition, and those presently known events, trends or uncertainties that are reasonably likely to have a material impact on the Company's future results of operations or financial condition or that are reasonably likely to cause the historical financial statements not to be necessarily indicative of future operating results or financial condition. It should be read in conjunction with the unaudited consolidated financial statements and related notes appearing elsewhere herein and the Company's 1991 10-K Report. On December 31, 1991, LEDCO was sold and the Company is no longer engaged in natural gas marketing. Accordingly, the analysis and discussion in this section pertains only to the continuing operations of the Company.

RESULTS OF OPERATIONS

Consolidated revenues for the first quarter of 1992 decreased 18% to $2,297,000 compared to $2,811,000 for the first quarter of 1991. This decrease in consolidated revenue is primarily attributable to (i) a decrease of oil and natural gas sales volumes due to the sale of certain producing oil and natural gas properties and the overall natural production decline of the remaining oil and natural gas properties, (ii) a decrease of natural gas throughput volumes for gathering and treating operations, and (iii) a rate reduction for natural gas treating which will be recouped in subsequent months.

For the three month periods ended March 31, 1992 and 1991, summaries of oil and natural gas production and revenues are:

	1992	1991	Change
Oil revenues (in thousands)	$ 398	$ 652	(39) %
Oil production (barrels)	22,000	32,000	(31) %
Oil average price per barrel	$18.09	$20.38	(11) %

Summary of Natural Gas Production and Revenues

	1992	1991	Change
Natural gas revenues (in thousands)	$ 1,714	$ 1,869	(8) %
Natural gas production (Mmcf)	837	1,093	(23) %
Natural gas average price per Mcf	$2.05	$1.71	20 %

On an equivalent unit basis (one barrel of oil equals six Mcf of natural gas), natural gas represents 86% of the Company's oil and natural gas production volumes. Natural gas represents 81% of consolidated oil and natural gas revenues which is indicative of (i) the current natural gas deliverability surplus that has resulted in lower natural gas prices and (ii) the marketing of oil and natural gas as commodities rather than competing fuels based on relative heating content. For the foreseeable future, the Company's production mix will continue to be weighted toward natural gas.

The price that the Company receives for its oil and natural gas production depends on many variables over which it has little or no control including, but not limited to, (i) the supply of and demand for oil and natural gas, (ii) the level of imports, (iii) the political stability of foreign governments, (iv) the capacity and proximity of natural gas pipelines, (v) the fluctuations in seasonal demand, and (vi) governmental regulations

A significant portion of the Company's natural gas production is sold in the Northeast United States at prices generally above the average domestic natural gas spot market price In 1991, a pipeline system was installed in this area for the purpose of importing natural gas from Canada which is generally sold at prices below the United States natural gas spot market Currently, the importation of the Canadian gas and more significantly the quantity of natural gas in storage has not had a material adverse effect upon the price that the Company is receiving for its natural gas production in this area. However, due to the current depressed status of the natural gas market and the continued replenishing in non-peak seasons of gas in storage, the Company cannot predict the effect, if any, that the large quantity of natural gas in storage, and the importation of natural gas from Canada will have on natural gas spot prices in this area.

In 1991, the New York legislature passed the "Petroleum Business Tax" that imposed a new tax on natural gas at a basic rate of $.445 per Mcf. The natural gas tax was subsequently repealed and did not have a significant effect on the Company's operations. However, the natural gas tax legislation has been reintroduced in the New York legislature and the Company cannot predict whether the tax will become law and, if so, the effect, if any, that the tax will have on its operations if it becomes a law due to exemptions that may be applicable to the Company's operations.

The results of the Company's oil and natural gas operations reflect a trend of decreasing oil and natural gas revenues that is primarily attributable to (i) the natural decline of oil and natural gas production rates (ii) the sale of certain producing oil and natural gas properties, and (iii) generally lower prices. Due to the cash required to consummate the Plan and satisfy debt service and other obligations, it is not anticipated that the Company will engage in any significant leasehold acreage acquisition or drilling activities in the foreseeable future. In an effort to increase or maintain the current level of existing oil and natural gas production, the Company expects to conduct certain well maintenance operations and also install certain production and marketing equipment. The extent of these operations will be dependent upon the Company's discretionary cash flow. There can be no assurance as to the ultimate outcome of the Company's efforts to increase or maintain the current level of its oil and natural gas production.

The Company has accepted offers to sell (i) certain of its interests in oil and natural gas reserves located in Oklahoma and Texas and (ii) other assets. In accordance with the provisions of the Amended Credit Agreement, through June 30, 1992 $1,518,000 of the aggregate $1,530,000 net proceeds related to these sales have been applied toward the satisfaction of claims and expenses related to the consummation of the Plan. The $12,000 balance of the net proceeds is segregated for the payment of the remaining costs of consummating the Plan. The Company is currently reviewing its oil and natural gas properties and other assets to identify marginal or non-core assets for which it will consider soliciting offers to sell.

Pursuant to the terms of various agreements, the Company, as a working interest owner, is responsible for marketing its share of natural gas production from certain properties. If the Company is unable or unwilling to market its share of natural gas production from a property, its under-produced status is subject to balancing with other working interest owners who have sold more than their pro-rata share of natural gas production. On an aggregate net basis for certain natural gas properties, the Company is an under-produced party for approximately 650,000 Mcf. The Company is reviewing this matter and will conduct negotiations to recoup or otherwise settle its net under-produced status. The Company is also reviewing its natural gas contracts to identify any remaining claims that it may assert regarding take-or-pay or pricing provisions.

Consolidated costs and expenses for the first quarter of 1992 increased 3% to $4,597,000 compared to $4,471,000 for the first quarter of 1991.

Operating expenses increased 29% to $1,118,000 compared to $866,000. Operating expenses for the first quarter of 1992 and 1991 were 53% and 34% of oil and natural gas revenues, respectively. The increase in operating expenses is primarily attributable to operations related to the Company's oil and natural gas properties in the Northeastern United States that were conducted to (i) increase or maintain natural gas production volumes or (ii) comply with the provisions of the Company's Agreed Order with the New York State Department of Environmental Conversation. Certain operating expenses are fixed in nature and accordingly will not vary with increases or decreases in oil and natural gas production.

Depletion, depreciation, and amortization decreased 57% to $655,000 in the first quarter of 1992 from $1,509,000 in the first quarter of 1991 primarily due to (i) a lower per unit depletion and depreciation rate for oil and natural gas properties resulting from revisions to proved oil and natural gas reserves, and (ii) decreased oil and natural gas production volumes. Based on current information, it is estimated that the 1992 depletion and depreciation rate for oil and natural gas properties will be $.61 per equivalent Mcf. However, the depletion and depreciation rate could be affected by numerous items including the NFG Litigation, the ability of the Company to conduct oil and natural gas operations, and the price the Company receives for its oil and natural gas production, any one of which could materially affect the depletion and depreciation rate.

The Standardized Measure of oil and natural gas properties sold exceeded the net proceeds attributable to those properties by approximately $670,000. Accordingly, this amount, which is a non-cash item, was charged to operations in the first quarter of 1992.

General and administrative expenses in the first quarter of 1992 increased 19% to $1,110,000 from $935,000 in the first quarter of 1991. This increase is primarily attributable to (i) professional fees related to (a) the objection of certain administrative claims related to the Reorganization Proceeding, (b) the NFG litigation, (c) the Paragon litigation and (ii) transition costs for new management including the Board of Directors. In the fourth quarter of 1991, the Company reduced its administrative staff. In order to further reduce costs, the Company is currently reviewing its general and administrative expenses including the feasibility of consolidating offices and liquidating certain partnerships for which it is not currently receiving overhead reimbursements. In conjunction with (i) post-confirmation activities related to the Plan, (ii) the NFG litigation and (iii) the transition for new management, the Company anticipates incurring substantial legal fees in 1992. For the purpose of computing its debt service payments pursuant to the Amended Credit Agreement, which was effective February 1, 1992, the Company's general and administrative expenses cannot exceed sixteen percent (16%) of gross receipts, as defined. The Company's current general and administrative expense exceeds this limitation.

Interest expense decreased in the first quarter of 1992 to $673,000 from $723,000 during 1991. This decrease is primarily attributable to (i) the Company's weighted average secured indebtedness for the first quarter of 1992 compared to the same period in 1991 decreasing to $25,940,000 from $27,370,000, and (ii) the weighted average interest rate, excluding amortization of debt issuance costs in the first quarter of 1992, decreasing to 9.1% in the first quarter of 1992 compared to 10.6% during the same period in 1991. Assuming there is no change in the prime interest rate (currently 6.50%), the Company estimates that its weighted average interest rate under the Amended Credit Agreement will be 9.8% for the remainder of 1992.

Reorganization expense, net of post-petition interest income, decreased 15% in the first quarter of 1992 to $371,000 from $438,000 in the first quarter of 1991. Pursuant to the provisions of the Plan, the amounts for certain finally allowed unsecured claims were increased by 50% of post-petition contractual interest. Accordingly, for the three month period ended March 31, 1992, reorganization expense includes $234,000 related to the accrual of post-petition contractual interest through January 21, 1992, the effective date of the Plan. Subsequent to the effective date, the Company will have no obligation for contractual interest related to unsecured finally allowed claims.

Effective January 21, 1992 and pursuant to the provisions of the Plan, estimated dividends related to the preferred stock issued and to be issued were accrued and charged to the net loss applicable to common stock.

As of December 31, 1991, the Company had federal tax net operating loss carryovers, investment tax credit and depletion carryforwards of approximately $287,000,000, $2,130,000 and $14,030,000, respectively. The federal tax net operating loss carryovers expire at varying times from 1995 to 2004. For federal tax reporting purposes, the Company will realize cancellation of indebtedness to the extent that the amount of finally allowed claims satisfied with Senior Preferred Stock exceeds the fair market value of the Senior Preferred Stock. The amount of the net operating loss carryover will be reduced by the amount of cancellation of indebtedness. Pursuant to the provisions of the Internal Revenue Code, a corporation which undergoes a "change of ownership" is generally subject to an annual limitation on the utilization of its net operating loss carryovers. However, since the Reorganization Proceeding was conducted pursuant to the Bankruptcy Code, the Company will elect an exemption to this general rule. In order to maintain this election, the Company must not have another change of ownership on or before January 21, 1994. For financial statement purposes, a portion of these carryovers and carryforwards have been utilized to reduce net deferred tax credits. Due to the current federal tax net operating loss carryovers and investment tax credit and depletion carryforwards, the Company currently pays no federal income taxes. In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 regarding accounting for income taxes. This statement requires an asset and liability approach for financial accounting and reporting for income taxes due to the differences that can occur between the tax bases of assets or liabilities and their reported amounts in financial statements. Based on the Company's review of this statement, its implementation will not have a material impact on the Company.

FINANCIAL CONDITION

Pursuant to the terms of the Amended Credit Agreement, the Company is required to maintain a ratio of current assets, excluding receivables that have been outstanding by more than sixty days, to current liabilities, excluding current maturities of long-term debt, accrued administrative claims and expenses related to the Reorganization Proceeding, and accrued dividends, of not less than one-to-one.

Pursuant to the terms of the Amended Credit Agreement, the Company is required to make certain minimum debt service payments. On April 30, 1992, the Company did not satisfy in full the required debt service payment and as a result BMO notified the Company that an event of default had occurred under the Amended Credit Agreement. BMO has further notified the Company that BMO is entitled to terminate its obligation to extend further credit and accelerate the New BMO Loans. BMO has requested that the Company meet to discuss the Event of Default. TGX's current deficiency for the April 30, 1992 required debt service payment is $150,000. If the Event of Default cannot be cured, the Company may be required to sell or otherwise dispose of certain of its assets or to otherwise renegotiate the New BMO Loan in order to cure the Event of Default. There can be no assurance that the Company will be able to sell sufficient assets or to otherwise renegotiate the Amended Credit Agreement. The Company cannot predict the effect on the Company's future operations or viability if this default is not cured.

The Senior Preferred Stock has a liquidation preference value of $10.00 per share and is redeemable in whole or in part at the option of the Company at any time at a price per share equal to the liquidation preference amount per share plus all accrued and unpaid dividends to the date of redemption. The Company must redeem all outstanding shares of the Senior Preferred Stock on or before January 21, 2002. Senior Preferred Stock receives cumulative, compounded 10% annual dividends payable quarterly. Payment of the dividends on the Senior Preferred Stock is mandatory if sufficient surplus funds (after reasonable reserves for capital budget items and working capital reserves) are legally available for such purpose. Until the Senior Preferred Stock is fully redeemed, the Junior and Old Preferred Stock shall receive dividends payable in additional shares of Junior or Old Preferred Stock. For financial reporting purposes, the Senior Preferred Stock has debt rather than equity characteristics. Accordingly, it will not be classified as a component of stockholders' equity.

At March 31, 1992, the Stockholders' deficit was $69,146,000 . Dividends payable for the Senior, Junior, and Old Preferred Stock will be charged to the Company's results of operations. Accordingly, for the foreseeable future, it is probable that the Company's Common Stock equity will remain a deficit.

LIQUIDITY AND CAPITAL RESOURCES

For the first quarter of 1992, the Company's cash provided by operations was $214,000. During the first quarter 1992, the Company applied $579,000 toward the reduction of the principal balance of long-term secured debt under the Amended Credit Agreement. From December 31, 1991, the Company's cash and cash equivalents increased by $413,000 to $1,283,000 at March 31, 1992 which includes $775,000 that is restricted for the payment of undistributed net oil and natural gas revenues and $134,000 that is segregated for the payment of costs related to the consummation of the Plan.

Pursuant to the terms of the Amended Credit Agreement, which became effective February 1, 1992, the Company's minimum debt service requirements for 1992 will be approximately $6,600,000 including interest. The Company has no additional borrowing capacity under the Credit Agreement. Pursuant to the terms of the Credit Agreement, the Company is required to make the following minimum principal reductions:

Year	Amount (In Thousands)
1992	$ 4,400
1993	$15,150
1994	$ 7,800

Monthly debt service payments must be made and on a quarterly basis commencing April 30, 1992, minimum principal balance reductions must be satisfied. On April 30, 1992, the Company was unable to meet its minimum quarterly payment and was notified by BMO that an Event of Default had occurred under the Amended Credit Agreement. See "Financial Condition" for a further discussion of the effect of this Event of Default. In addition, accrued interest on $11,250,000 of the principal balance must be paid in full by December 31, 1992. The Company currently faces a serious cash flow problem and other than certain collateral that has been released pursuant to the Credit Agreement with a maximum value of $4,092,000 to provide for the payment of administrative claims and other claims that must be satisfied in order to consummate the Plan, all cash flow, net of certain costs and expenses, as defined, must be applied toward debt service. At this time, it is not determinable if all the collateral released pursuant to the Credit Agreement can be liquidated or if liquidated that it will be sufficient to fund the requirements under the Plan.

Uncertainty associated with the Company's ability to repay its long-term debt according to schedule may prevent the Company from further developing its oil and natural gas reserves and pursuing other business ventures designed to generate additional revenues.

The Company has filed a Motion for First Order in Aid of Consummation and a hearing regarding this Motion is scheduled to be held in July 1992. Excluding administrative claims and expenses, the Company will require approximately $1,400,000 to fund its obligation to satisfy claims pursuant to the Plan. Based on administrative claims filed and payments made, the Company has a potential obligation of approximately $3,260,000 for unpaid administrative claims as of June 30, 1992. The Company has negotiated compromises of certain administrative claims and on July 8, 1992, hearings regarding these compromises will be conducted in Bankruptcy Court. Pending the results of these hearings, the Company cannot currently determine what the extent of its obligations will be nor whether it will be in a position to fully satisfy these obligations. If the Company cannot fully satisfy these obligations, the Plan may not be substantially consummated and it is possible that the Company may be required to amend the Plan or seek additional relief from the Bankruptcy Court. If not extended, an order of substantial consummation for the Plan must be entered by the Bankruptcy Court by July 6, 1992, 180 days from the date of the Confirmation Order. Failure to consummate the Plan within that time period could result in the revocation of the Confirmation Order and the return of the Reorganization Proceeding to the pre-confirmation status. In such event, if an acceptable Plan under Chapter 11 of the Bankruptcy Code cannot be agreed to, the Company may seek to liquidate. The Company has filed a motion to extend the date for consummation of the Plan and a hearing regarding this motion will be conducted on July 6, 1992 in Bankruptcy Court.

Due to (i) the preliminary stage of the Company's efforts to increase and maintain its natural gas production, (ii) uncertainty regarding oil and natural gas prices, and (iii) the amount of debt service requirements pursuant to the Amended Credit Agreement, the Company's management has concluded that its net cash flow from oil and natural gas operations may not be sufficient to satisfy its obligations in full. Accordingly, sources of cash flow other than those from oil and natural gas operations, which may not be available, may be required for the Company to maintain a satisfactory liquidity position.

The Company's management is in the process of formulating a business plan to improve its liquidity position. However, there can be no assurance that any or all aspects of this proposed business plan will be implemented or if they are implemented that they will be as successful as projected. The components of the business plan include but are not limited to (i) the sale of certain non-core assets, (ii) the possible resumption of settlement discussions with NFG, (iii) the reduction of certain costs and expenses through greater efficiencies, (iv) the feasibility of restructuring or refinancing of the Company's long-term debt, and (v) the compromising or vigorously objecting to the allowance of certain administrative claims.

Part II. Other Information.

Item 1. Legal Proceedings

As was more fully described in the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991, on February 22, 1990, TGX Corporation ("TGX") filed a voluntary petition (Case No. 90BK-10499) in the United States bankruptcy Court (the "Bankruptcy Court") for the Western District of Louisiana, Shreveport Division, for reorganization pursuant to Chapter 11, Title 11 of the U. S. Code. On January 7, 1992, an Amended Plan of Reorganization (the "Plan") for TGX was confirmed by the Bankruptcy Court. Since the filing date of the Annual Report on Form 10-K, there have been no substantial developments related to the legal proceedings described therein.

Item 3. Defaults by the Company on its Senior Securities

(a) The commencement of the Reorganization Proceeding on February 22, 1990 represented a technical event of default pursuant to the Company's bank loan agreements, Indenture for its Senior Subordinated Fixed Rate Notes, and other debt agreements. Such defaults will be cured pursuant to the provisions of the Plan.

(b) Pursuant to the terms of the Amended Credit Agreement, the Company is required to make certain minimum debt service payments. On April 30, 1992, the Company did not satisfy in full the required debt service payment and as a result BMO notified the Company that an event of default had occurred under the Amended Credit Agreement. BMO has further notified the Company that BMO is entitled to terminate its obligation to extend further credit and accelerate the New BMO Loans. BMO has requested that the Company meet to discuss the Event of Default. TGX's current deficiency for the April 30, 1992 required debt service payment is $150,000. If the Event of Default cannot be cured, the Company may be required to sell or otherwise dispose of certain of its assets or to otherwise renegotiate the New BMO Loan in order to cure the Event of Default. There can be no assurance that the Company will be able to sell sufficient assets or to otherwise renegotiate the Amended Credit Agreement. The Company cannot predict the effect on the Company's future operations or viability if this default is not cured.

(c) As of June 30, 1992, the Senior Preferred Stock had not been issued. Pursuant to the provisions of the Plan, dividends for the Senior Preferred Stock began accruing on the Effective Date, however, as of June 30, 1992, no dividends had been declared. The Senior Preferred Stock will receive a 10% annual compounded cash dividend, payable quarterly, provided however, that the payment of such dividends does not violate (i) Delaware Law which prohibits the payment of dividends when such payment would impair the capital of the Company or (ii) certain covenants in the Company's Amended Credit Agreement with BMO.

Item 6. Exhibits and Reports on Form 8-K.

(a). Exhibits: - None

(b). Reports on Form 8-K

On February 5, 1992, the Company filed a report on Form 8-K regarding the confirmation of the Plan.

On May 19, 1992, the Company filed a report on Form 8-K regarding the event of default under the Amended Credit Agreement.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TGX CORPORATION
(Registrant)

Date: July 6, 1992

By: ______________________________
Joe W. Cluck, President, Chief
Financial Officer, Chief
Accounting Officer and Director

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Quarterly Report Under Section 13 or 15 (d)
Of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission File Number 33-28827-LA

THEODORE GAMES, INC.
(Exact name of registrant as specified in its charter)

Nevada
State or other jurisdiction of incorporation of organization

87-0464860
IRS Employer Identification No.

466 South 500 East, Salt Lake City, UT 84102
(Address of principal executive offices)

Registrant's telephone number, including are code (801) 359-8625

275 East South Temple, Suite 301, Salt Lake City, Utah 84111
(Former name, former address & former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports)

Yes X No ____

and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of share outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

1,405,000
(Number of shares of common stock of the registrant outstanding as of September 30, 1990)

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NOTE: Page 1 of 7 sequentially numbered pages

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PART 1 - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

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THEODORE GAMES, INC.
(A Development Stage Company)

CONDENSED BALANCE SHEET

ASSETS

	March 31, 1992	March 31, 1991
CURRENT ASSETS:		
Cash in Bank	$ 8,581.00	$ 2,841.00
Accounts receivable	0.00	0.00
Accrued interest receivable	0.00	0.00
Inventory	6,826.00	14,543.00
Total Current Assets	$ 15,407.00	$ 17,384.00
EQUIPMENT at Cost, less Accumulated Depreciation of #26	$ 231.00	$ 0.00
OTHER ASSETS		
Organization costs, net of amortization	$ 333.00	$ 453.00
	$ 15,971.00	$ 17,837.00

LIABILITIES AND STOCK HOLDERS' EQUITY

	March 31, 1992	March 31, 1991
CURRENT LIABILITIES:		
Accounts payable	$ 1,322.00	$ 0.00
Total Current Liabilities	$ 1,322.00	$ 0.00
STOCKHOLDERS' EQUITY:		
Common stock, $.001 par value, authorized 50,000,000 shares, 1,405,000 issued and outstanding.	1,405.00	1,405.00
Capital in excess of par value	42,800.00	42,800.00
Deficit accumulated during the development stage	<29,556.00>	<26,368.00>
Total Stockholders' Equity	14,649.00	17,837.00
	$15,971.00	$17,837.00

NOTE: The balance sheet at December 31, 1990 has been taken from the audited financial statements at that date and condensed.

THEODORE GAMES. INC.
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	For the Three Months Ended March 31,	From Inception on April 21, 1990 through March 31
	1992	1991	1992
REVENUE:			
Revenue	$4,487.00	$ 1,646.00	$ 19,164.00
Cost of Goods	2,154.00	708.00	9,168.00
Gross Profit	2,333.00	$ 938.00	$ 9,996.00
EXPENSES:			
Advertising and promotion	$1,038.00	$11,127.00	$ 14,765.00
Research and Development	0.00	7,109.00	7,109.00
Professional Services	1,522.00	3,750.00	6,822.00
Travel	0.00	407.00	407.00
Office Expenses	138.00	496.00	801.00
Postage	2,480.00	2,423.00	5,727.00
Dues, Fees, Licenses, & Taxes	819.00	2,887.00	3,728.00
Amortization	30.00	151.00	272.00
Storage Rent	45.00	60.00	365.00
Depreciation	13.00	0.00	26.00
Misc. Expenses	4.00	25.00	121.00
Total Expenses	$6,089.00	$28,435.00	$ 40,143.00
NET LOSS FROM OPERATIONS	$<3,756.00>	$<26,830.00>	$ <30,147.00>
INTEREST INCOME	$ 21.00	$ 462.00	$ 591.00
NET LOSS	$<3,735.00>	$<26,368.00>	$ <29,556.00>
NET LOSS PER SHARE	< .003>	< .019>	< .021>

See Condensed Notes to Financial Statements.

THEODORE GAMES , INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS

APRIL 21, 1989 (Inception) To March 31, 1989

Cash Flows form Operating Activities:	
Net <Loss>	$<29,556.00>
Adjustments to reconcile net income to net cash provided from operating activities:	
Amortization Expense	298.00
Changes in assets and liabilities:	
Increase in inventory	$< 6,826.00>
Increase in Accounts Payable	$ 1,322.00
Net Cash (Used) By Operations	$<34,762.00>
Cash Flows from Financing Activities:	
Sale of Common Stock	$ 50,500.00
Offering Costs	$ <6,295.00>
Organization Costs	$ <604.00>
Net Cash provided by financing	$ 43,601.00
Acquisition of Equipment	$ <257.00>
Net Increase in Cash and Cash Equivalents	$ 8,582.00
Cash and Cost Equivalents at End of Period	$ 8,582.00

See Notes to Condensed Financial Statements

THEODORE GAMES, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1992

1. Summary of Significant Accounting Policies

a. Organization and Business

Theodore Games, Inc. was incorporated on April 12, 1989 in the State of Nevada for the purpose of marketing a copyrighted board game developed by the Company's president. At the present time, the Company is in the development stage. They began selling games during 1990 but have not yet maintained a significant level of operations.

b. Organization Costs

Costs incurred in connection with the Company's organization have been capitalized and are being amortized over 60 months.

c. Cash Flows

For purposes of reporting cash flows, cash includes checking and money market savings accounts.

d. Net loss Per Share

Net (loss) per share was calculated using the total number of share issued and outstanding during the entire period.

e. Inventory

Inventory consists only of finished goods, games, that the Company has designed for resale. Inventory is carried at the lower of cost or market, using the first-in, first-out (FIFO) method.

f. Reclassifications

For comparability the 1989 statement of cash flows which was prepared under the direct method has been changed to the indirect method.

2. Purchase of Stock by Officers and Directors at Inception

On April 21, 1989 the Company sold 1,000,000 shares of its common stock to officers and directors for $10,000 cash.

Notes to Financial Statements-Continued

3. Public Offering of Common Stock

The Company made a public offering in July, 1990 which provided for the sale of a maximum of 1,000,000 shares and a minimum of 250,000 shares of its common stock at a price of $.10 per share. The successful offering resulted in a sale of 405,000 shares of common stock for a total of $40,500.

Costs associated with the offering of $6,295 have been netted against the gross proceeds received from the offering.

4. Income Taxes

At December 31, 1991 the Company had a federal income tax loss carryforward of approximately $25,800 which expires as follows: $6,100 in 2004 and $18,350 in 2006.

5. Related Party Transactions

Officers/stockholders are providing certain limited management services and a limited amount of office space for the operations of the Company without compensation or payment for these services and office space. In addition, 8.0% of the sales of games in 1990 were to a related party.

6. Major Customer

The Company had one major customer during 1990 representing 52% and 12% of their total game sales. In 1989, no sales were consummated.

7. Commitments

The Company has entered into an assignment of the copyright registration of the "Divorce Game" assigning the president and chief executive officer's right, title and interest in the copyright to Theodore Games, Inc. in exchange for 25% of net proceeds for the years ended December 31, 1991, 1990, and 1989,no compensation was accrued or disbursed during the years.

As of December 31, 1989, the Company had signed a contract with a supplier to provide the design and camera-ready art of the complete game set for the "Divorce Game." Two payments of $2,000 each had been paid by December 31, 1989. The remaining $1400 was paid during 1990 upon completion of the contract.

THEODORE GAMES, INC.
(A Development Stage Company)

PART II OTHER INFORMATION

ITEM 1 Legal Proceedings

None

ITEM 2 Changes in Securities

None

ITEM 3 Defaults on Senior Securities

None

ITEM 4 Submission of Matters to a Vote of Security Holders

None

ITEM 6 Exhibits and Reports on Form 8-k

(a) Exhibits

None

(b) Reports on Form 8-K

There were no reports on Form 8-K filed for the quarter ended March 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THEODORE GAMES, INC.

George Theodore
President

Date: 7-7-92

Marcus G. Theodore
Secretary/Treasurer

Date: 7/7/92

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Management's Discussion 3
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Notes To Financial Statements 8
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file no. 2-7793

THE UNION LIGHT, HEAT AND POWER COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

KENTUCKY	31-0473080
(State of Incorporation)	(I.R.S. Employer Identification No.)

139 EAST FOURTH ST., CINCINNATI, OHIO	45202
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

513-381-2000
(REGISTRANT'S TELEPHONE NUMBER)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X . No ________ .

Capital Shares, Par Value $15.00 Per Share
485,333 Shares Outstanding as of April 30, 1992

THE UNION LIGHT, HEAT AND POWER COM
STATEMENT OF INCOME

	Three Months March 3 1992
OPERATING REVENUES	
Electric	$37,540,465
Gas	25,803,954
Total operating revenues	63,344,419
OPERATING EXPENSES	
Electricity purchased from parent company for resale	30,686,018
Gas purchased	15,377,048
Other operation	8,069,903
Maintenance	1,624,731
Provision for depreciation	2,028,082
Taxes other than income taxes	1,000,590
Federal income taxes	1,715,830
State income taxes	462,530
Deferred income taxes--net	(1,217,527)
Investment tax credits--net	(71,832)
Total operating expenses	59,675,373
OPERATING INCOME	3,669,046
OTHER INCOME AND DEDUCTIONS	
Allowance for other funds used during construction	(37,390)
Other income and deductions--net	(32,269)
Total other income and deductions	(69,659)
INCOME BEFORE INTEREST CHARGES	3,599,387
INTEREST CHARGES	
Interest on long-term debt	1,762,343
Other interest	250,303
Amortization of debt discount, premium and other	8,520
Allowance for borrowed funds used during construction--credit	(39,455)
Net interest charges	1,981,711
NET INCOME	$ 1,617,676
EARNINGS PER CAPITAL SHARE (485,333 shares outstanding)	$ 3.33
DIVIDENDS DECLARED PER CAPITAL SHARE	$ --

E UNION LIGHT, HEAT AND POWER COMPANY
STATEMENT OF INCOME

	Three Months Ended March 31		Twelve Months Ended March 31	
	1992	1991	1992	1991
....	$37,540,465	$37,543,557	$153,362,615	$141,417,803
....	25,803,954	27,727,799	57,026,547	58,378,105
....	63,344,419	65,271,356	210,389,162	199,795,908
le...........	30,686,018	28,081,773	114,973,459	105,817,649
....	15,377,048	17,081,242	31,838,409	34,368,382
....	8,069,903	7,622,236	31,603,407	28,908,454
....	1,624,731	1,620,212	7,353,756	6,966,478
....	2,028,082	1,896,761	7,787,420	7,259,296
....	1,000,590	848,244	3,454,882	3,094,294
....	1,715,830	3,097,964	825,724	1,013,400
....	462,530	834,173	170,743	407,333
....	(1,217,527)	(1,406,868)	1,214,710	1,172,798
....	(71,832)	(71,823)	(219,566)	(289,683)
....	59,675,373	59,603,914	199,002,944	188,718,401
....	3,669,046	5,667,442	11,386,218	11,077,507
....	(37,390)	56,865	198,022	122,967
....	(32,269)	(32,986)	(72,422)	(109,358)
....	(69,659)	23,879	125,600	13,609
....	3,599,387	5,691,321	11,511,818	11,091,116
....	1,762,343	1,762,343	7,049,375	6,308,384
....	250,303	108,738	1,194,258	639,051
....	8,520	9,297	34,558	42,144
ion--credit.	(39,455)	(146,779)	(483,187)	(481,329)
....	1,981,711	1,733,599	7,795,004	6,508,250
....	$ 1,617,676	$ 3,957,722	$ 3,716,814	$ 4,582,866
ng).........	$ 3.33	$ 8.15	$ 7.66	$ 9.44
....	$ --	$ --	$ 5.00	$ 3.00

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Electric operating revenues increased by $11.9 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to a 6.0% increase in electric sales volumes and to a rate increase that became effective in October 1990.

Gas operating revenues decreased by $1.9 million for the three month period ended March 31, 1992 from the comparable period of 1991 due to a decrease in total volumes sold and transported of 4.6% and the operation of an adjustment clause reflecting a decrease in the cost of gas purchased. Gas operating revenues decreased by $1.4 million for the twelve month period ended March 31, 1992 from the comparable period of 1991 due to a 4.7% decrease in total volumes sold and transported.

The cost of electricity purchased increased $2.6 million and $9.2 million for the three and twelve month periods ended March 31, 1992, over the comparable periods of 1991 due to increases of 7.9% and 4.0%, respectively, in the average cost per Kwh purchased and to increases of 1.3% and 4.5%, respectively, in the amount of electricity purchased. For information regarding the increased cost of electricity purchased, see Notes to Financial Statements herein.

Gas purchased expense decreased $1.7 million and $2.5 million for the three and twelve month periods ended March 31, 1992, from the comparable periods of 1991 due to decreases in average cost per Mcf purchased of 7.6% and 4.0%, respectively, and due to decreases of 2.5% and 3.5%, respectively, in gas volumes purchased.

Other operation expense increased $.4 million for the three month period ended March 31, 1992 over the comparable period of 1991 due to a number of factors including wage increases. The $2.7 million increase in other operation expense for the twelve month period ended March 31, 1992 over the comparable period of 1991 was due to a number of factors including wage increases, increases in gas and electric distribution expenses and increases in the provision for uncollectible accounts.

Maintenance expense increased $.4 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to increased maintenance on electric distribution facilities.

Provision for depreciation increased $.5 million for twelve month period ended March 31, 1992 over the comparable period of 1991 due to an increase in depreciable property.

Taxes other than income taxes increased $.4 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 primarily due to increased property taxes resulting from a greater investment in taxable property and higher property tax rates.

Interest on long-term debt and other interest increased by $1.3 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to the issuance of additional first mortgage bonds in November 1990 and higher levels of short-term borrowings.

Liquidity and Capital Resources

The construction expenditures for Union Light for the first quarter of 1992 were approximately $6.8 million and are expected to be $28.4 million for the year 1992. Over the next five years (1992-1996), construction expenditures are expected to be $150.8 million. These estimates are under continuing review and subject to adjustment. Construction and financing plans for the future are dependent on, among other things, the amount and timing of rate changes, sales volumes, changes in construction plans, market conditions, regulatory actions and the ability to obtain financing. Short-term indebtedness will be used to supplement internal sources of funds for the interim financing of the construction program. The Federal Energy Regulatory Commission (FERC) has authorized Union Light to issue a maximum amount of short-term indebtedness of $35 million through December 31, 1992, and $25.5 million of short-term borrowings were outstanding at March 31, 1992.

Future Outlook

Union Light's future earnings will be affected by its ability to secure adequate and timely rate relief.

In October 1991, Union Light's parent, The Cincinnati Gas & Electric Company (CG&E) filed an application with FERC requesting an annual increase of $28.1 million applicable to its wholesale electric customers, primarily Union Light. Effective February 13, FERC issued an order permitting CG&E to implement the wholesale rate increase applicable to Union Light, subject to refund, pending a determination by FERC of the final amount of the rate increase to be authorized. As a result of the FERC order, Union Light began paying on February 13, subject to refund, the higher wholesale rates for electricity purchased from CG&E. Union Light requested the Kentucky Public Service Commission (KPSC) to defer from February 13 through May 3 the additional cost of purchased power charged to it by CG&E. Union Light also requested carrying costs be accrued on the deferred costs and that such amounts be amortized and recovered in its current rate case. In April 1992, Union Light's request was denied by the KPSC. Union Light has filed for a rehearing on this matter.

In November 1991, Union Light filed a request with the KPSC to increase annual electric revenues by $29.7 million, consisting of a $25.0 million pass-through of the proposed wholesale rate increase from CG&E presently pending before FERC and a $4.7 million retail increase for Union Light. On May 5, 1992, the KPSC authorized Union Light an annual increase in electric revenues of $22.3 million, subject to refund, pending determination by FERC of the final amount of the wholesale rate increase for CG&E. The order permitted the pass-through of $25.0 million in wholesale rates from CG&E, subject to refund, but made numerous adjustments which resulted in a decrease in the retail portion of Union Light's rates of $2.7 million, producing the $22.3 million increase granted. Union Light is studying the order and intends to file a petition for rehearing with the KPSC.

THE UNION LIGHT, HEAT AND POWER COMPANY

STATEMENT OF CASH FLOWS

	Three Months Ended March 31 1992	1991
Cash Flows From Operations:		
Net Income	$ 1,617,676	$ 3,957,722
Adjustments to reconcile net income to net cash:		
Deferred gas and electric fuel costs -- net	3,737,933	4,414,206
Depreciation	2,028,082	1,896,761
Allowance for other funds used during construction	37,390	(56,865)
Deferred income taxes and investment tax credits -- net	(1,289,359)	(1,478,691)
Other -- net	(17,622)	367,730
Change in current assets and liabilities:		
Receivables and unbilled revenues	(795,700)	(6,528,683)
Materials and supplies	1,836,945	408,696
Other current assets	(20,757)	388,166
Accounts payable and other current liabilities	(869,701)	1,637,095
Total adjustments	4,647,211	1,048,415
Net cash provided by operations	6,264,887	5,006,137
Cash Flows From Investing:		
Construction expenditures (less allowance for other funds used during construction)	(6,807,439)	(7,218,083)
Cash Flows From Financing:		
Long-term debt proceeds	--	--
Retirement of long-term debt	--	--
Net short-term borrowings	500,000	1,500,000
Dividends paid on capital shares	--	--
Net cash provided by (used in) financing activities	500,000	1,500,000
Net increase (decrease) in cash and temporary cash investments	(42,552)	(711,946)
Cash and temporary cash investments -- beginning of period	1,559,310	1,753,795
Cash and temporary cash investments -- end of period	$ 1,516,758	$ 1,041,849
Supplemental Disclosure Of Cash Flow Information:		
Cash paid during the period for:		
Interest (net of allowance for borrowed funds used during construction)	$ 1,312,347	$ 1,098,108
Income taxes	$ 775	$ 159,700

HT, HEAT AND POWER COMPANY

MENT OF CASH FLOWS

	Three Months Ended March 31 1992	Three Months Ended March 31 1991	Twelve Months Ended March 31 1992	Twelve Months Ended March 31 1991
..	$ 1,617,676	$ 3,957,722	$ 3,716,814	$ 4,582,866
..	3,737,933	4,414,206	1,222,722	233,638
..	2,028,082	1,896,761	7,787,420	7,259,296
..	37,390	(56,865)	(198,022)	(122,967)
..	(1,289,359)	(1,478,691)	988,530	883,359
..	(17,622)	367,730	1,219,706	2,706,880
..	(795,700)	(6,528,683)	3,692,373	(5,982,829)
..	1,836,945	408,696	(695,896)	(437,321)
..	(20,757)	388,166	100,139	(321,503)
..	(869,701)	1,637,095	1,014,612	4,111,530
..	4,647,211	1,048,415	15,131,584	8,330,083
..	6,264,887	5,006,137	18,848,398	12,912,949
r				
..	(6,807,439)	(7,218,083)	(30,946,824)	(29,593,783)
..	--	--	--	29,568,750
..	--	--	--	(5,000,000)
..	500,000	1,500,000	15,000,000	(6,500,000)
..	--	--	(2,426,665)	(1,455,999)
..	500,000	1,500,000	12,573,335	16,612,751
..	(42,552)	(711,946)	474,909	(68,083)
..	1,559,310	1,753,795	1,041,849	1,109,932
..	$ 1,516,758	$ 1,041,849	$ 1,516,758	$ 1,041,849
..	$ 1,312,347	$ 1,098,108	$ 7,737,481	$ 5,703,177
..	$ 775	$ 159,700	$ 2,236,467	$ (651,272)

THE UNION LIGHT, HEAT AND POWER COMPANY

BALANCE SHEET

ASSETS

	March 31 1992	December 31 1991
UTILITY PLANT...................................	$288,935,254	$283,041,478
Less--Accumulated provisions for depreciation...	84,089,827	82,684,287
	204,845,427	200,357,191
CURRENT ASSETS		
Cash..	1,516,758	1,559,310
Accounts receivable--net........................	24,321,939	21,666,705
Accrued unbilled revenues.......................	7,134,346	8,993,880
Materials and supplies..........................	3,399,255	5,236,200
Prepayments.....................................	557,522	536,765
	36,929,820	37,992,860
DEFERRED DEBITS AND OTHER.......................	5,947,935	3,988,623
	$247,723,182	$242,338,674

LIABILITIES

	March 31 1992	December 31 1991
CAPITALIZATION		
Shareholders' equity............................	$ 76,050,026	$ 74,432,350
Long-term debt..................................	75,900,174	75,895,284
	151,950,200	150,327,634
CURRENT LIABILITIES		
Notes payable...................................	25,500,000	25,000,000
Accounts payable................................	3,509,698	6,789,777
Accounts payable to associated companies--net...	14,272,015	14,531,465
Accrued taxes...................................	3,338,255	1,257,698
Accrued interest on debt........................	2,397,402	1,736,558
Other...	2,683,768	2,755,341
	51,701,138	52,070,839
DEFERRED CREDITS AND OTHER		
Deferred income taxes...........................	25,490,631	25,079,412
Investment tax credits..........................	6,156,882	6,228,714
Other...	12,424,331	8,632,075
	44,071,844	39,940,201
	$247,723,182	$242,338,674

THE UNION LIGHT, HEAT AND POWER COMPANY

NOTES TO FINANCIAL STATEMENTS

The accompanying information reflects, in the opinion of the management of the Company, all adjustments necessary to present fairly the results for the interim periods. All such adjustments are of a normal recurring nature. Reference should be made to the Company's Form 10-K for the year 1991 for additional footnote disclosure, including a summary of significant accounting policies.

In October 1991, CG&E filed an application with FERC requesting an annual increase of $28.1 million applicable to its wholesale electric customers, primarily Union Light. Effective February 13, FERC issued an order permitting CG&E to implement the wholesale rate increase applicable to Union Light, subject to refund, pending a determination by FERC of the final amount of the rate increase to be authorized. As a result of the FERC order, Union Light began paying on February 13, subject to refund, the higher wholesale rates for electricity purchased from CG&E. Union Light requested the KPSC to defer from February 13 through May 3 the additional cost of purchased power charged to it by CG&E. Union Light also requested carrying costs be accrued on the deferred costs and that such amounts be amortized and recovered in its current rate case. In April 1992, Union Light's request was denied by the KPSC. Union Light has filed for a rehearing on this matter.

In November 1991, Union Light filed a request with the KPSC to increase annual electric revenues by $29.7 million, consisting of a $25.0 million pass-through of the proposed wholesale rate increase from CG&E presently pending before FERC and a $4.7 million retail increase for Union Light. On May 5, 1992, the KPSC authorized Union Light an annual increase in electric revenues of $22.3 million, subject to refund, pending determination by FERC of the final amount of the wholesale rate increase for CG&E. The order permitted the pass-through of $25.0 million in wholesale rates from CG&E, subject to refund, but made numerous adjustments which resulted in a decrease in the retail portion of Union Light's rates of $2.7 million, producing the $22.3 million increase granted. Union Light is studying the order and intends to file a petition for rehearing with the KPSC.

PART II. OTHER INFORMATION

Item 5. Other Information.

Employee Relations

A new three-year contract has been negotiated with the Independent Utilities Union (IUU) representing approximately 80 clerical, manual and technical employees. In addition to benefit improvements, the contract provides for a 4% wage increase in 1992 for all IUU employees, a 1993 wage increase of 4% for IUU employees in manual and technical job classifications, a 1993 wage increase of 2.5%, plus a one-time lump sum payment of 2.2%, for IUU employees in clerical job classifications, and a wage reopener provision for all IUU employees in 1994.

Item 6. Exhibits and Reports on Form 8-K.

(b) No reports on Form 8-K were filed during the three months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE UNION LIGHT, HEAT AND POWER COMPANY
(Registrant)

Date: May 14, 1992

DANIEL R. HERCHE

Daniel R. Herche, Controller
(Duly Authorized Officer
and Chief Accounting Officer)
(Signature)

Statement of Changes ------------------- There are no differences between this document as filed and the document as it will be circulated.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 1 .. 1992

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FORM 10 - Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Quarter Ended	Commission File Number
February 29, 1992	0-13771

UNIQUEST INCORPORATED

(Exact name of Registrant as specified in its charter)

Florida	59-2479032
(State of Incorporation)	(IRS Employer Identification Number)

6491 Powers Avenue
Jacksonville, Florida 32217
(904) 739-0822
(Address of principal executive offices and telephone number)

PROCESSED BY
Q-8-V
APR 16 1992

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Q-Data Corp. - St. Petersburg, FL

Securities registered pursuant to Section 12(g) of the Act

Common Shares $.01 par value: 13,963,187 shares outstanding

L3Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ____

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UNIQUEST INCORPORATED
CONSOLIDATED BALANCE SHEETS

	February 29, 1992	May 31, 1991
ASSETS:		
Current Assets:		
Cash	$55,765	$865,860
Accounts and Note Receivable, less allowance for doubtful accounts of $199,047 and $195,987 in 1992 and 1991 respectively	3,728,247	1,582,498
Inventories	168,848	336,119
Other current assets	189,050	48,859
Total Current Assets	4,141,910	2,833,336
Property and Equipment, less accumulated depreciation of $496,060 and $351, 638	795,746	507,322
Other assets	46,253	15,044
Software development costs, less accumulated amortization of $148,831 and $86,530	540,000	306,034
Intangible Assets, less accumulated amortization of $104,176 and $35,485	3,032,853	1,726,610
	$8,556,762	$5,388,346
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current Liabilities:		
Notes payable	$2,200,000	$1,640,328
Accounts payable	1,064,422	508,010
Accrued expenses	764,095	428,084
Deferred revenues	1,281,971	958,066
Current maturities of capital lease obligations	56,800	7,549
Total Current Liabilities	5,367,288	3,542,037
Notes payable less current maturities	0	150,000
Capital lease obligations less current maturities	138,671	11,484
Total Liabilities	5,505,959	3,703,521
Shareholders' Equity:		
Preferred stock, $0.10 par value, 3,000,000 shares authorized. 1,012 and 1,000 shares issued and outstanding in 1992 and 1991 respectively	101	100
Common stock, $0.01 par value. 15,000,000 shares authorized; 14,098,986 and 13,953,187 issued and and outstanding in 1992 and 1991 respectively	140,990	139,532
Additional paid in capital	6,399,448	4,663,901
Accumulated deficit	(3,489,736)	(3,118,708)
Total Shareholders' Equity	3,050,803	1,684,825
	$8,556,762	$5,388,346

See accompanying notes to condensed consolidated financial statements

UNIQUEST INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE MONTHS ENDED FEBRUARY 29, 1992 AND FEBRUARY 28, 1991

	Three Months Ended		Nine Months Ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28, 1991
Revenues	$3,103,623	$633,546	$8,438,834	$2,347,391
Cost of Revenues	1,795,207	355,993	4,279,937	965,956
Gross Profit	1,308,416	277,553	4,158,897	1,381,435
Operating Expenses:				
General and Administrative	452,136	291,333	1,762,463	595,939
Selling and Marketing	727,326	170,009	1,939,204	485,079
Research and Development	287,282	110,118	709,667	255,704
Total operating expenses	1,466,744	571,460	4,411,334	1,336,722
Operating Income (Loss)	(158,328)	(293,907)	(252,437)	44,713
Other Income (Expense):				
Interest Expense	(49,018)	(30,633)	(136,529)	(104,450)
Other	(1,291)	9,568	17,936	9,568
Total Other Income(Expenses)	(50,309)	(21,065)	(118,593)	(94,882)
Income (Loss) before taxes	(208,637)	(314,972)	(371,030)	(50,169)
taxes on income	0	0	0	0
Net Income (Loss)	($208,637)	($314,972)	($371,030)	($50,169)
Net Income (Loss) per Common and Common Equivalent Share:	($0.01)	($0.04)	($0.02)	($0.01)
Weighted Average Number of Shares of Common Stock Outstanding	16,419,995	7,561,720	15,953,103	6,619,224

See accompanying notes to condensed consolidated financial statements

UNIQUEST INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED FEBRUARY 29, 1992 AND FEBRUARY 28, 1991

	1992	1991
Cash from operating activities:		
Net Income (Loss)	($371,028)	($50,169)
Adjustments to reconcile net earnings to cash provided by(used in) operating activities:		
Depreciation and amortization	426,269	158,850
Provision for bad debts	3,060	25,000
Changes in operating assets and liabilities net of effects of mergers and acquisitions:		
Accounts and note receivable	(1,927,208)	4,818
Inventories	232,126	64,500
Prepaid expenses and other assets	(115,097)	(3,197)
Accounts payable and accrued expenses	592,093	42,559
Deferred revenues	48,305	114,334
Net cash provided by(used in) operating activities	(1,111,480)	356,695
Cash flows from investing activities:		
Capitalized software development costs	(183,848)	(128,482)
Additions to property and equipment	(157,363)	(25,229)
Cash acquired in purchase of business (Note 2)	127,972	556,269
Net cash used in investing activities	(213,239)	402,558
Cash flows from financing activities:		
Proceeds from issuance of notes payable	459,672	53,715
Principal payments on notes payable	(50,000)	0
Proceeds from capital lease obligations		0
Principal payments under capital lease obligations	(31,995)	(37,789)
Proceeds from issuance of common stock	136,947	0
Proceeds from issuance of preferred stock (Note 2)	0	1,000
Net cash provided from financing activities	514,624	16,926
Net increase(decrease) in cash	(810,095)	776,179
Cash at beginning of period	865,860	18,273
Cash at end of period	$55,765	$794,452

See accompanying notes to condensed consolidated financial statements

UNIQUEST INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

The accompanying unaudited,condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10 - Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in the financial statements. All adjustments are of a normal and recurring nature. Operating results for the nine month period ended February 29, 1992 are not necessarily indicative of the results that may be expected for the year to end May 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10 - K for the year ended May 31, 1991.

Note 2. Acquisitions

System Innovators Inc.

On September 11, 1991, the Company completed the acquisition of Systems Innovators, Inc. ("SII") by exchanging twelve (12) shares of Company's Series B Convertible Preferred Stock for the all the outstanding shares of Common Stock of SII.The acquisition was accomplished pursuant to an Agreement and Plan of Merger dated August 30, 1991, by and among the Company, the Company's wholly owned subsidiary, New SII, Inc. ("New SII") and SII (the Merger Agreement), whereby SII was merged with and into New SII, whereupon SII became a wholly owned subsidiary of the Company.

The twelve shares of the Company's Series B Convertible Preferred Stock shall automatically be converted into 1,235,498 shares of the Company's $.01 par value Common Stock at such time as the shareholders of the Company approve the increase in the authorized number of shares of Common Stock to 50,000,000 shares.

CheckRobot, Inc.

On December 5, 1991 the Company signed an Agreement and Plan of Merger between the UNIQUEST, CheckRobot, Inc., OmniCorp International B. V., CheckRobot's principal Stockholder and creditor,and CK Acquisition Corporation, a wholly owned subsidiary of the Company.

The Company also entered into a Management Agreement to manage the business of CheckRobot. As part of the agreement, until such time the merger is consumated OmniCorp and the Company whall be jointly responsible for the financing of CheckRobot. As of February 29, 1992 the Company has incurred approximately $200,000 in epenses relating to the management of CheckRobot.

Note 3. Inventories

Inventories consist of the following:

	February 29, 1992	May 31, 1991
Raw Materials	$76,901	$83,873
Work in Process	0	44,640
Finished goods	91,947	207,606
	$168,848	$336,119

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The quarter ended February 29, 1992 includes the operations of System Innovators, Inc. (See Note 2 to Condensed Consolidated Financial Statements). The results of operations for 1990 were for the Healthcare Division and one month of operations for the companies acquired in February , 1991. (See Note 2 to the annual financial statements included in the Company's annual report on Form 10 - K for the year ended May 31, 1991).

Results of Operations

Current Year-to-Date Versus Prior Year-to-Date

The Company's revenues for current the nine month period increased 359% to $8,439,000 from $2,347,000 for the same period last year due to the acquisitions in the third and fourth quarters last year and System innovators, Inc. during the second quarter of this year. Healthcare sales were $2,620,000 as compared to $2,092,000 last year.

The gross profit margin for the current nine month period decreased to 49% from 58% for the same period last year due to the inclusion of of the acquired companies. The newly acquired companies gross margins are less due to a higher percentage of hardware versus software and services.

Operating expenses for the current six month period increased 330% to $4,411,000 from $1,337,000 for the same period last year due to acquisitions. The Company is reducing these costs by consolidating facilities to its Jacksonville location and combining functional areas common in the acquired companies. In cosolidating the operations in Jacksonville the Company has incurred several one time expenses including $120,000 to buy out the lease for the Sarasota office and approximately $88,000 of expenses incurred in moving employees and the office furniture and fixtures.

Other expenses for the current nine month period increased by 125% to $119,000 from $95,000 for the same period last year. Interest expense increased by $32, 000 due primarily to the interest on the $250,000 note issued in acquisitions and and the increase in the outstanding balance of the line of ine of credit by $400, 000.

Current Year Quarter Versus Prior Year Quarter

The Company's revenues for current quarter increased 490% to $3,104,000 from $634,000 for the same quarter last year due to the acquisitions in the third and fourth quarters last year and System innovators, Inc. during the second quarter of this year. Healthcare sales were $988,000 as compared to $578,,000 last year.

The gross profit margin for the current quarter decreased to 42% from 44% for the same quarter last year due to the inclusion of of the acquired companies. The newly acquired companies gross margins are less due to a higher percentage of hardware versus software and services.

Operating expenses for the current quarter increased 258% to $1,474,000 from $571,000 for the same quarter last year due to acquisitions. The Company is reducing these costs by consolidating facilities to its Jacksonville location and combining functional areas common in the acquired companies. In cosolidating the operations in Jacksonville the Company has incurred several one time expenses including $120,000 to buy out the lease for the Sarasota office and approximately $28,000 of expenses incurred in moving employees and the office furniture and fixtures.

Other expenses for the current quarter increased by 238% to $50,000 from $22,000 for the same quarter last year. Interest expense increased by $19,000 due primarily to increased debt levels due to the acquisitions.

Liquidity and Sources of Capital

Cash declined by $810,000 for the period. There was a net use of cash from from operations due principally to an increase in notes and accounts recievable by $1,927,000 of which approximately $200,000 was advanced to CheckRobot for operations per the Plan of Merger and Acquisitsion and Management Agreement. Accounts recievable increased for the most part to slower collections caused by the slow down in the economy. Any estimated doubtful accounts have been reserved at February 29, 1992.

During the quarter Company increased its line of credit to $2,000,000. however; with the slow down in collections accounts payable and accrued expenses increased $1,900,000. Management has agreed to terms for an equity investment sufficient to fund the acquisition of CheckRobot and provide adequate working capital for its current foreseeable needs. Management expects the funding to be completed by May 31, 1992.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

None

ITEM 2. Changes in Securities

None

ITEM 3. Defaults Upon Senior Securities

None

ITEM 4. Submission of Matters to a Vote of Security Holders

None

ITEM 5. Other Information

None

ITEM 6. Exhibits & Reports on Form 8 - K

(a) Reports on Form 8 - K

(i) On December 5, 1991 the Company filed a Form 8K anouncing the execution of an Agreement and Plan of Merger between the UNIQUEST, CheckRobot, Inc., OmniCorp International B.V. ,CheckRobot's principal Stockholder and creditor,and CK Acquisition Corporation , a sholly owned subsidiary of UNIQUEST.

SIGNATURES

Pursuant to the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIQUEST INCORPORATED

Date: April 13, 1992

By: ______________________________

William R. Oglesby,
Secretary/Treasurer and
Chief Financial Officer
(Principal Accounting and Financial Officer)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

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OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________________

Commission file number 2-2066

WISCONSIN NATURAL GAS COMPANY
(Exact name of registrant as specified in its charter)

Wisconsin	39-0713260
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

231 West Michigan Street, P.O. Box 2046, Milwaukee, Wisconsin	53201
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (414) 221-2590

No Change
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 1, 1992
$1 Par Value Common Stock	1,725,000 Shares

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q for omission of data by certain wholly-owned subsidiaries and is therefore filing this Form with the reduced disclosure format.

WISCONSIN NATURAL GAS COMPANY

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WISCONSIN NATURAL GAS COMPANY
CONDENSED INCOME STATEMENT
(Unaudited)

	Three Months Ended March 31	
	1992	1991
	(Thousands of Dollars)	
Operating Revenues	$ 86,140	$ 94,426
Operating Expenses		
Cost of gas sold	52,731	60,376
Other operation expenses	10,623	10,266
Maintenance	1,459	1,081
Depreciation	3,376	3,110
Income taxes	6,235	6,779
Total Operating Expenses	74,424	81,612
Operating Income	11,716	12,814
Other Income and Deductions		
Allowance for other funds used during construction	7	39
Miscellaneous - net	143	87
Income taxes	(58)	(37)
Total Other Income and Deductions	92	89
Income Before Interest Charges	11,808	12,903
Interest Charges		
Interest expense	1,680	1,760
Allowance for borrowed funds used during construction	(4)	(21)
Total Interest Charges	1,676	1,739
Net Income	$ 10,132	$ 11,164

Note - Earnings and dividends per share of common stock are not applicable because all of the company's common stock is owned by Wisconsin Energy Corporation.

See accompanying note to financial statements.

WISCONSIN NATURAL GAS COMPANY
CONDENSED BALANCE SHEET
(Unaudited)

	March 31, 1992	December
	(Thousands of Dolla	
Assets		
Utility Plant		
Plant	$352,897	$35
Accumulated provision for depreciation	(157,737)	(15
Net Utility Plant	195,160	19
Other Property and Investments	71	
Current Assets		
Cash and cash equivalents	5,367	
Accounts receivable	31,150	2
Accrued utility revenues	15,537	2
Materials, supplies and natural gas stored	6,184	1
Prepayments and other assets	2,234	
Total Current Assets	60,472	6
Deferred Charges and Other Assets		
Accumulated deferred income taxes	3,806	
Other	5,980	
Total Deferred Charges and Other Assets	$ 9,786	$
	$265,489	$2
Liabilities		
Capitalization		
Common stock	$ 59,500	$
Retained earnings	45,092	
Total Common Stock Equity	104,592	
Long-term debt	49,382	
Total Capitalization	153,974	1
Current Liabilities		
Long-term debt due currently	8,957	
Short-term debt	25,208	
Accounts payable	22,401	
Accrued liabilities	14,239	
Other	878	
Total Current Liabilities	71,683	
Deferred Credits and Other Liabilities		
Accumulated deferred income taxes	27,275	
Other	12,557	
Total Deferred Credits and Other Liabilities	39,832	
	$265,489	$

COMPANY
HEET

March 31, 1992	December 31, 1991
(Thousands of Dollars)	
$352,897	$353,087
(157,737)	(154,739)
195,160	198,348
71	71
5,367	3,361
31,150	22,280
15,537	29,559
6,184	11,117
2,234	2,864
60,472	69,181
3,806	2,546
5,980	6,051
$ 9,786	$ 8,597
$265,489	$276,197
$ 59,500	$ 59,500
45,092	37,081
104,592	96,581
49,382	48,603
153,974	145,184
8,957	8,957
25,208	48,423
22,401	23,250
14,239	8,741
878	927
71,683	90,298
27,275	26,920
12,557	13,795
39,832	40,715
$265,489	$276,197

*** A06 ***

(REMAINDER OF PRECEDING PAGE)

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See accompanying note to financial statements.

*** A07 ***

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WISCONSIN NATURAL GAS COMPANY
STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31	
	1992	1991
	(Thousands of Dollars)	
Operating Activities:		
Net income	$10,132	$11,164
Reconciliation to cash:		
Depreciation	3,376	3,110
Deferred income taxes - net	(905)	114
Investment tax credit - net	(116)	(116)
Allowance for other funds used during construction	(7)	(39)
Change in: Accounts receivable	(8,870)	(14,983)
Inventories	4,933	1,172
Accounts payable	(849)	(10,096)
Other current assets	14,652	20,073
Other current liabilities	5,449	5,383
Other	(887)	(501)
Cash Provided by Operating Activities	26,908	15,281
Investing Activities:		
Construction expenditures	(229)	(3,755)
Allowance for borrowed funds used during construction	(4)	(21)
Other	(99)	(69)
Cash Used in Investing Activities	(332)	(3,845)
Financing Activities:		
Sale of long-term debt	19,842	--
Retirement of long-term debt	(19,075)	--
Change in short-term debt	(23,215)	(9,923)
Dividends on stock - common	(2,122)	(2,122)
Cash Used in Financing Activities	(24,570)	(12,045)
Change in Cash and Temporary Cash Investments	$ 2,006	$ (609)
Supplemental Information Disclosures:		
Cash Paid for -		
Interest (net of amount capitalized)	$ 3,040	$ 3,044
Income taxes	450	--

See accompanying note to financial statements.

WISCONSIN NATURAL GAS COMPANY

NOTE TO FINANCIAL STATEMENTS

(Unaudited)

The accompanying unaudited financial statements should be read in conjunction with the company's 1991 Annual Report on Form 10-K. In the opinion of management, all adjustments necessary to a fair statement of the results of operations and financial position of the company have been included in the accompanying income statement and balance sheet. The results of operations for the three months ended March 31, 1992 are not, however, necessarily indicative of the results which may be expected for the year 1992 because cf seasonal and other factors.

WISCONSIN NATURAL GAS COMPANY

PART I - FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

In order to meet projected capital requirements, Wisconsin Natural Gas Company ("Wisconsin Natural") may issue up to $30 million of debt securities later in 1992. The specific form, amounts and timing of securities to be issued, including possible debt refundings, have not yet been determined and will depend, to a large extent, on market conditions.

To reduce its overall cost of capital, Wisconsin Natural issued $10 million of 5-5/8% Series and $10 million of 6-5/8% Series First Mortgage Bonds in January 1992, using the proceeds to refund its 8-3/4% and 8-3/8% Series First Mortgage Bonds.

RESULTS OF OPERATIONS

The decrease in net income for the three months ended March 31, 1992, relative to the same period in 1991, reflects decreased natural gas therm deliveries, partially offset by a $3.4 million, or 1.3% rate increase on an annualized basis, effective since September 3, 1991. Natural gas therm deliveries during the first quarter of 1992 were negatively impacted by warmer weather. As measured by heating degree days, the first quarter of 1992 was 5.6% warmer than the first quarter of 1991.

Total gas therms delivered by Wisconsin Natural decreased 5.0% during the first three months of 1992 compared to the same period in 1991. Gas therm deliveries to residential customers decreased 5.6% and therms delivered to commercial and industrial customers (excluding interruptible and other customers) decreased 2.6% for the first quarter of 1992 relative to the same period in 1991. Gas deliveries to the interruptible customers and the other customer classification decreased 7.1% during the first quarter of 1992 compared to the first quarter in 1991. Therms delivered include gas transported for Wisconsin Natural's customers who purchased gas directly from other suppliers.

Customer-owned gas transported by Wisconsin Natural accounted for 28.3% of total therms delivered in the first quarter of 1992 compared to 27.8% in the first quarter of 1991. Rates charged by Wisconsin Natural for transporting customer-owned gas are designed to recover the same margin as gas sold directly by Wisconsin Natural.

Wisconsin Natural purchased in the spot-market approximately 10.9 million dekatherms of natural gas in the first quarter of 1992 and 10.8 million dekatherms in the first quarter of 1991. Savings associated with the purchase of gas in the spot-market are passed along to customers. Spot-market purchases accounted for 59.6% of gas purchased in the first quarter of 1992 compared to 54.8% in the first quarter of 1991.

For certain other information which may impact Wisconsin Natural's future financial condition or results of operations, see ITEM 5. OTHER INFORMATION in PART II.

WISCONSIN NATURAL GAS COMPANY

PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

ANR PROPOSAL SUBMITTED TO FERC

Wisconsin Natural's principal pipeline supplier and transporter of natural gas, ANR Pipeline Company ("ANR"), has filed an uncontested settlement with the Federal Energy Regulatory Commission ("FERC") to restructure its rates and services in order to be more responsive to increased competition in the natural gas industry. This settlement follows extensive negotiations with local distribution company customers of ANR and other parties. Since the FERC has recently issued Order 636 setting forth general requirements for pipelines, which overlap with parts of the settlement, it is not known whether the FERC will approve it. ANR has requested early FERC approval.

Any restructuring will likely reduce the amount of spot market gas purchases made by Wisconsin Natural and reduce the amount of customer-owned gas transported by Wisconsin Natural. Customers who reduce their use of gas transportation services will likely purchase gas directly from Wisconsin Natural. Since rates charged by Wisconsin Natural for transporting customer-owned gas are designed to recover the same margin as gas sold directly by the company, no significant impact on operating income is expected. (For additional information regarding this matter, refer to ITEM 1. BUSINESS - GAS UTILITY OPERATIONS in PART I of Wisconsin Natural's Annual Report on Form 10-K for the year ended December 31, 1991.)

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None.

(b) Reports on Form 8-K:

No current reports on Form 8-K were filed in the quarter ended March 31, 1992.

WISCONSIN NATURAL GAS COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WISCONSIN NATURAL GAS COMPANY
(Registrant)

RONALD K. ESPE

Date: May 14, 1992
R. K. Espe, President and Chief Operating Officer

MYRON E. SCHULZ

Date: May 14, 1992
M. E. Schulz, Controller (Chief Accounting Officer)